

[Todd Dockswell: What Feds bond buy means for mortgage rates](#)

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*The average rate on the 30-year fixed hit a new record low this week.*

*Online PR News* "12-November-2010" The average rate on the 30-year fixed hit a new record low this week, according to Freddie Mac, and rates may fall even further, some say, because even though the market priced in the Feds \$600 billion bond buy even before the Fed announced its ongoing economic weakness could push rates lower.

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On the other hand, there are signs the economy is in recovery mode, and that could mean higher interest rates sooner rather than later.

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The truth is, nobody really knows which way mortgage rates will go. If you're in the market to buy or refinance, hesitating on that deal solely to see if rates go further south doesn't make much sense.

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Mortgage rates fell ahead of the Federal Reserve's announcement last week that it would start buying \$600 billion in government bonds to stimulate the economy over the coming months. But could mortgage rates go even lower, now that more is known about the scope of the Fed's plan?

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Some think the effects of the Fed's action were already priced into rates, at least somewhat, even before announcement was made. Others think Santa's bringing lower mortgage rates with him this winter for boys and girls who have the means to obtain them.

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After inching higher for three weeks in a row, the 30-year fixed-rate mortgage dropped to an average 4.17% this week, the lowest it's been since records were first kept in 1971, and down from 4.24% a week earlier, according to Freddie Mac's weekly survey of conforming rates. Read more on mortgage rates hit new record low.

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Rates fell ahead of the announcement, and then there's always a little flurry of stabilization. But expect to see more small-but-steady drops in rates in the next three to six months. The Fed's bond-buying program lasts until the end of June.

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There's a depression in housing. Low demand is keeping rates low and the Fed is going to force rates down even more.

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For more info:

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