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A Message from Brandon McKay:

"Some content to arm yourselves when your clients ask about their rate (floating or locked) after today's FED rate cut."

Mortgage Rates HIGHER (Not Lower) After Fed Rate Cut

Several things happen on Fed Day--especially on the 4 out of 8 examples with updated rate forecasts from Fed members. The official announcement of a rate cut is typically the least important aspect. In fact, it is usually entirely unimportant in terms of its impact on mortgage rates.

Instead, the bonds that determine mortgage rates are much more likely to react to the Fed's dot plot (the chart showing each Fed member's rate forecast over the next few years) and the press conference with the Fed Chair.

The dots are released at 2pm at the same time as the rate cut announcement. The press conference follows at 2:30pm and usually lasts 50 minutes. This staggered timing makes for plenty of back and forth volatility on occasion and today was a prime example.

The dots helped bonds because they signaled better odds for two additional cuts in 2025 as opposed to only one. The market was mostly expecting that, but it wasn't fully priced-in to prevailing rates. Things changed during Powell's press conference and bonds ended up more than reversing the initial move.

Powell framed today's cut as a "risk management" cut and emphasized that the forecasts in the dot plot do not represent a plan for future cuts. Rather, the Fed will continue to take things on a meeting by meeting basis and make decisions based on the new data that becomes available over that time.

As the underlying bond market responded, most mortgage lenders issued mid-day changes to the rates announced this morning. The net effect is that mortgage rates are most certainly HIGHER this afternoon compared to yesterday's latest levels, not to mention this morning's.

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National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.33%	-0.12	0.00
15YR Fixed	6.89%	-0.10	0.00
30YR FHA	6.95%	-0.10	0.00
30YR Jumbo	7.44%	-0.06	0.00
7/6 SOFR	6.81%	-0.19	0.00
30YR VA	6.97%	-0.10	0.00

Rates as of: 11/20

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.51	+0.41
10 YR Treasury	4.9403	-0.1033
30 YR Treasury	5.3324	-0.0738

Pricing as of: 11/20 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 11	199.8	-2.35%
Building Permits	Oct	1.3M	-7.5%
Housing Starts	Oct	1.31M	+7.21%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Oct	63	-4.69%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Nov	25	-13.79%

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