Felicia Morales
Broker Owner, Lumina Real Estate & Lending
DRE 01471238 \ NMLS 334006
Serving All of Southern California, based in beautiful

Office: (951) 760-8307
felicia@luminabroker.com
View My Website

Mortgage Rates Jump to 9-Month Highs

Ask any parent. A lot can change in 9 months. Same story for mortgage rates. During that time, the average 30yr fixed rate dropped 0.65% only to move back up just as much as of the end of the week. This week alone accounted for a 0.23% increase for the average lender as hope quickly faded for a quick end to the Iran war.

The war itself has been responsible for essentially all of the 0.65% jump. Here's why:

- Rates are based on bonds
- Bonds hate inflation
- The higher fuel prices associated with the war imply more inflation
- Thus, higher inflation = higher rates, all else equal

In addition, the war implies additional funding needs for the government. The issuance of more debt is a key funding source for the government and higher debt issuance begets higher rates, all else equal.

Fresh data out this week showed the inflationary impact of the war flowing through to the domestic economy. The Consumer Price Index (CPI) hit its highest level since 2023. Even if we focus on Core CPI (which excludes food and energy categories), annual inflation was the highest since 2025 and monthly inflation came in tied for the fastest pace since 2023.

Wholesale level inflation was even worse according to the Producer Price Index (PPI), with the annual rate surging to 6.0%--the highest since late 2022. Core PPI was also the highest since 2022 at 5.2%.

But inflation data itself wasn't as big of a deal this week. The market pushed rates higher right when the war began because it expected these numbers to surge. In other words, the market infers inflation impact based on breaking developments.

On that note, Friday was the worst day we've seen since the start of the war. A certain portion of the trading community was hoping that this week's Trump/Xi summit would set the stage for a diplomatic shift that accelerated a peace deal with Iran. As soon as the summit ended without any news of the sort, the bond market immediately began moving higher in yield/rate.

By the end of the day on Friday, 10yr Treasury yields were up more than 0.11% to the highest levels in a year. Mortgage rates "only" back to August levels thanks to increased bond buying on the part of Fannie and Freddie.

National Average Mortgage Rates

Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.27%	-0.02	0.00
15YR Fixed	6.92%	-0.03	0.00
30YR FHA	6.90%	-0.01	0.00
30YR Jumbo	7.55%	0.00	0.00
7/6 SOFR	6.78%	-0.10	0.00
30YR VA	6.91%	-0.01	0.00

Rates as of: 10/30

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.81	-0.02
10 YR Treasury	4.9299	+0.0084
30 YR Treasury	5.3082	+0.0081

Pricing as of: 10/30 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 21	195	+3.39%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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These purchases of mortgage-backed securities have helped narrow the spread between mortgage rates and Treasury yields.

Looking ahead, the market will remain sensitive to war-related developments. Rates could certainly move back down if a peace deal is achieved soon, but as this week showed, they have no problem moving higher when hopes for a peace deal fade.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, May 11				
10:00AM	Apr Existing home sales (ml)	4.02M	4.05M	3.98M
Tuesday, May 12				
8:30AM	Apr y/y Headline CPI (%)	3.8%	3.7%	3.3%
Wednesday, May 13				
7:00AM	May/08 MBA Refi Index	921.1		928.6
7:00AM	May/08 MBA Purchase Index	177.7		171.1
8:30AM	Apr PPI y/y	6%	4.9%	4%
Thursday, May 14				
8:30AM	Apr Import prices mm (%)	1.9%	1.0%	0.8%
8:30AM	May/09 Jobless Claims (k)	211K	205K	200K
8:30AM	Apr Retail Sales (%)	0.5%	0.5%	1.7%
Friday, May 15				
8:30AM	May NY Fed Manufacturing	19.60	7.5	11.00
9:15AM	Apr Industrial Production (%)	0.7%	0.3%	-0.5%
Monday, May 18				
10:00AM	May NAHB housing market indx	37	35	34
Tuesday, May 19				
10:00AM	Apr Pending Home Sales (%)	1.4%	1%	1.5%
Wednesday, May 20				
2:00PM	FOMC Minutes			
Thursday, May 21				
8:30AM	May/16 Jobless Claims (k)	209K	210K	211K
8:30AM	Apr Building Permits (ml)	1.442M	1.39M	1.363M
8:30AM	Apr Housing starts number mm (ml)	1.465M	1.41M	1.502M
8:30AM	May Philly Fed Business Index	-0.4	18	26.7
Friday, May 22				
10:00AM	May Consumer Sentiment (ip)	44.8	48.2	49.8

Event Importance:

No Stars = Insignificant
☆ Low
★ Moderate
★★ Important
★★ Very Important

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Clarity & Confidence in Home Financing – Your Weekly Mortgage Update!

At Lumina Real Estate and Lending, I bring a unique, full-picture approach to real estate and home loans. As both a real estate and mortgage broker, I have decades of experience helping families navigate home buying, selling, and financing.

Each week, I'll provide a clear and concise mortgage rate update, giving you the insights you need to make smart financial moves.

Have questions or need a personalized loan solution? Let's connect!

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