Casey Sullivan
Loan Officer and Branch Manager, The Sullivan Group at CrossCountry Mortgage
NMLS237837, CrossCounty Mortgage NMLS3029, Branch
2125 Oak Grove Rd. Ste. 328 Walnut Creek, CA 94598

Office: 925-395-4212
Mobile: 925-789-0065
casey@thesullivangrp.com
View My Website

# Lowest Rates in More Than 5 Months. What's Next?

This week brought pleasant surprises for the mortgage market as rates returned to levels not seen since February.

Back in February, we were passing through the present rate range on the way **UP**, and there were few--if any--reasons to think we'd return to those levels if underlying trends continued.

**Specifically**, covid case counts have continued to fall and are roughly as low as they've been since the start of the pandemic. Economic data has been volatile, but generally stronger in 2021 than most economists expected. Inflation metrics have been running hot (inflation is bad for rates). And the Fed has increasingly talked about dialing back its rate-friendly bond-buying programs.

But as is always the case, markets were trying to price in as much of the **future** as possible when rates were rising, and now they're trying to get ahead of the **next** move (the one where the rising rate trend cools off). In fact, they've been doing that for several months now.

This has taken the form of several distinct **"pauses for consideration"** (or **"consolidations"** in market jargon)--something the market tends to do when it's uncertain about what comes next. When it comes to covid, the original pause for consideration was the entire spring/summer of 2020.

## National Average Mortgage Rates

| Mortgage News Daily | Rate | Change | Points |
|---|---|---|---|
| 30YR Fixed | 7.29% | -0.06 | 0.00 |
| 15YR Fixed | 6.95% | -0.05 | 0.00 |
| 30YR FHA | 6.91% | -0.08 | 0.00 |
| 30YR Jumbo | 7.55% | -0.05 | 0.00 |
| 7/6 SOFR | 6.88% | +0.02 | 0.00 |
| 30YR VA | 6.92% | -0.08 | 0.00 |

Rates as of: 10/29

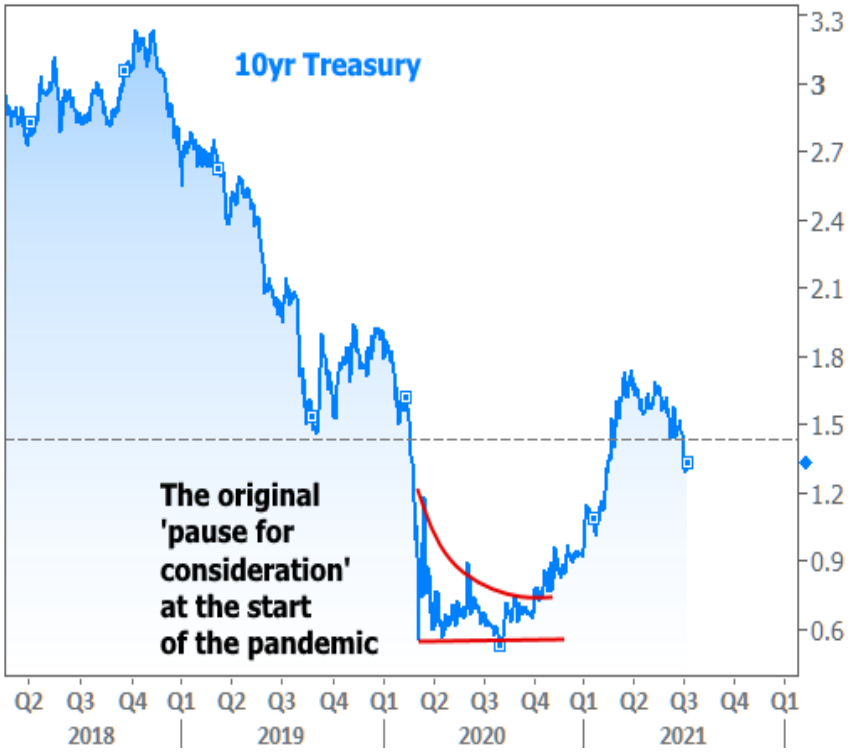
## Recent Housing Data

| | | Value | Change |
|---|---|---|---|
| Mortgage Apps | Oct 14 | 188.6 | -5.32% |
| Building Permits | Sep | 1.4M | +0.43% |
| Housing Starts | Sep | 1.22M | -4.24% |
| New Home Sales | Aug | 684K | +12.69% |
| Pending Home Sales | Aug | 71.2 | 0% |
| Existing Home Sales | Oct | 3.99M | +0.25% |
| Builder Confidence | Oct | 29 | -9.38% |

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

**Read or subscribe** to my newsletter online at: http://mortgageratesupdate.com/caseysullivan




Clearly, rates found a reason to move higher heading into the new year, and have subsequently entered a new phase of **friendly** consolidations. The first was the biggest, and it played out over several months before giving way to the next consolidation in June. Now in July, we may be seeing the start of yet another!

The other way to view these recent consolidations is in the form of a broader downtrend in rates. In this case, we'd view this week's impressive rate rally as a temporary, failed attempt to break below this downtrend.

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

**Read or subscribe** to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

In the biggest of pictures, we can simply say that **rates are deciding** whether or not they're ready to move on from their covid-inspired all-time low range, and all of the above is merely noise.

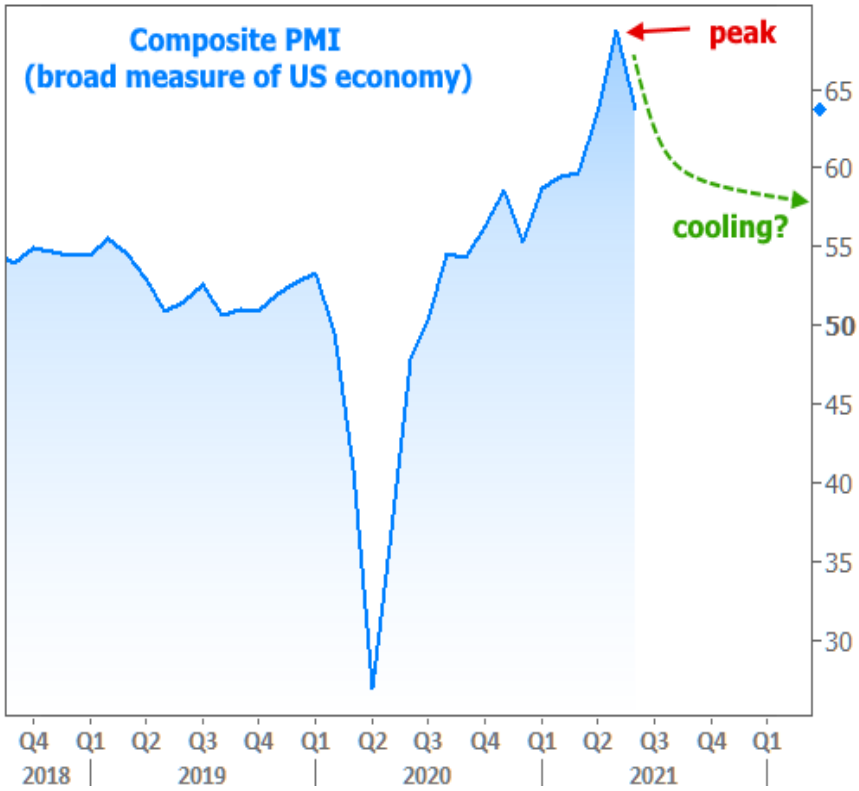
The common theme is that there **were** obvious reasons for rates to move **higher** after 2020's doldrums and now there are only slightly less obvious reasons for rates to be leveling off.

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

**Read or subscribe** to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

True, there is some strong economic data out there, but as we discussed last week, we're still roughly 7 million jobs away from pre-covid levels. Economists are also considering that much of the recent excess economic strength was a temporary byproduct of pent-up demand and perhaps a bit of euphoria due to economic reopenings. The thought is that post-covid growth just **peaked** and may now be cooling.



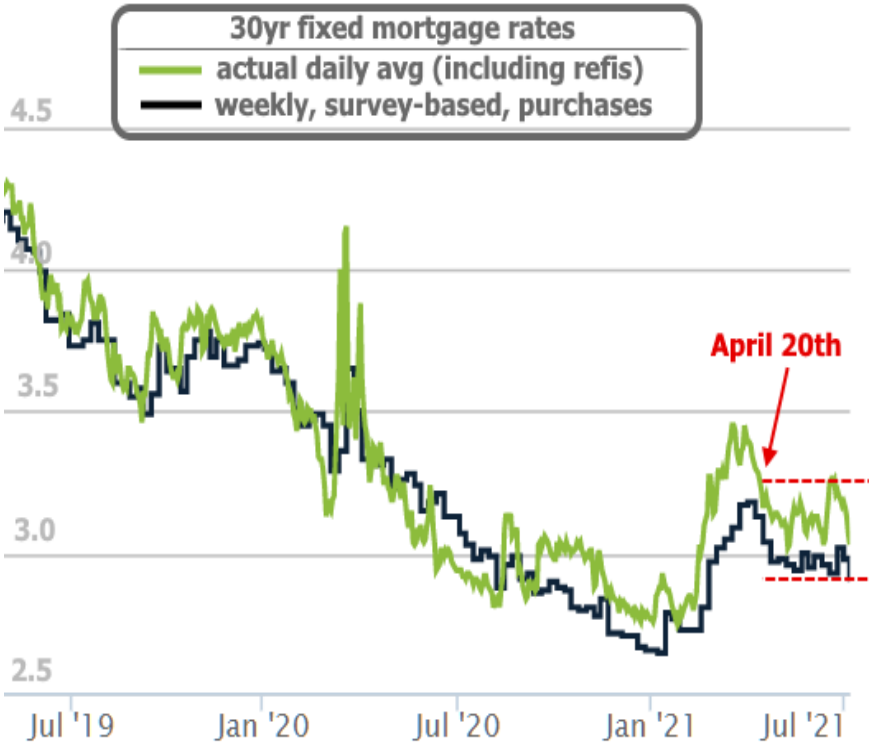

Inflation expectations have also been cooling noticeably since May and had begun leveling as early as March.

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

**Read or subscribe** to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

March is incidentally the same time **mortgage rates** turned the corner. They've been in a narrow, flat range since April 20th, with recent gyrations occurring inside that range until this week.

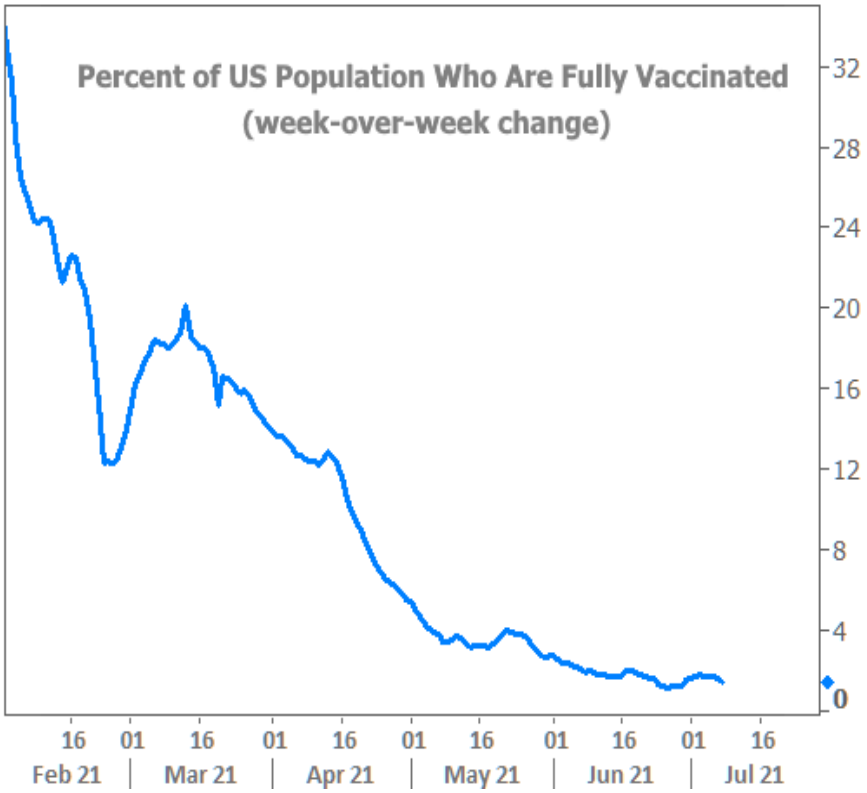


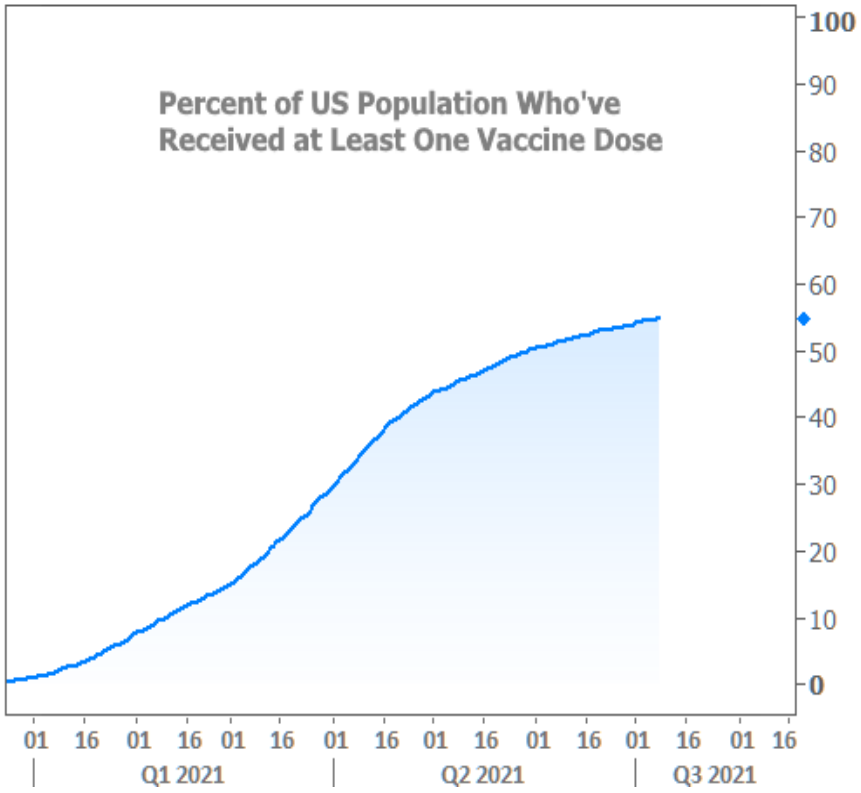

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

**Read or subscribe** to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

In addition to the measurable economic variables, markets can also consider the implications of vaccination rates, which have decelerated markedly (once again, incidentally during the same time that rates found their footing and began to pull back from longer-term highs).




© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

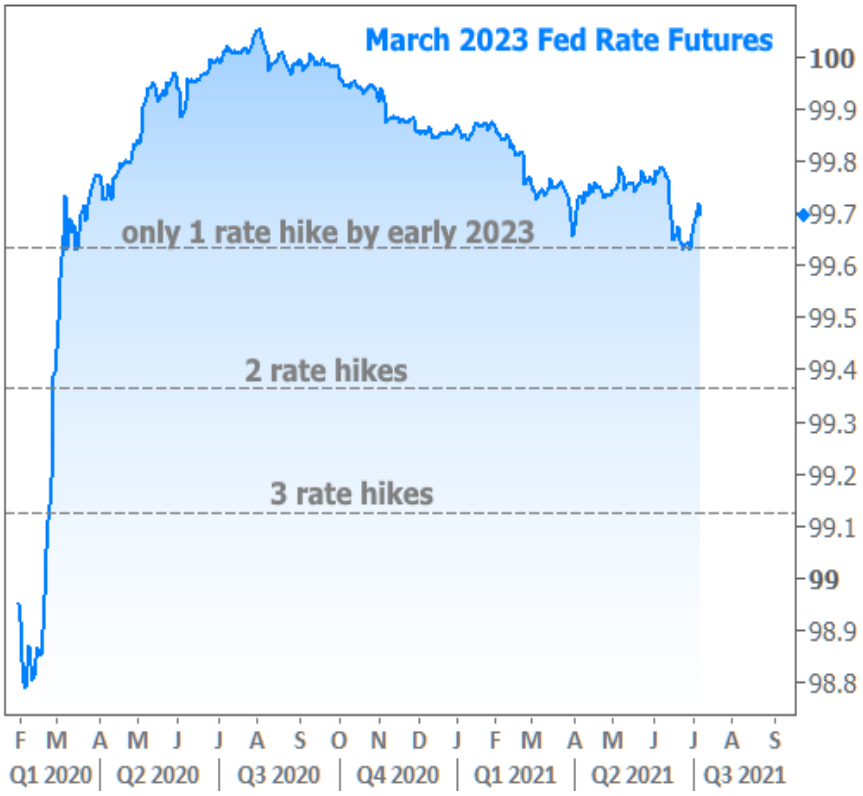
**Read or subscribe** to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

On a more anecdotal note, we're hearing more talk of "**buyer fatigue**" due to the recent surge in prices for homes, cars, and fuel, among other things. This could impede economic momentum at a time where it already seems to be leveling off from those "euphoric" levels.

When it comes to "**where we go from here**," we have to consider the potential economic outcomes and the resulting policy response from the Fed. This isn't complicated. It's merely unknown.

The Fed itself has noted that it **won't** have a clean read on economic momentum until **this fall** at the earliest. This has markets feeling a bit less threatened by a potentially premature shift toward less rate-friendly Fed policies.

A chart of Fed Funds Rate expectations tells the story fairly well. The horizontal line at 99.625 means the market is betting on the Fed Funds rate being in a range of 0.25-0.50 by March 2023 (it's currently at 0.00-0.25). Translation: the market **isn't** willing to confidently bet on even **ONE** rate hike by the beginning of 2023.




Before you get too excited, this **doesn't** mean rates will go lower or stay lower between now and then. The Fed Funds Rate doesn't even correlate well with mortgage rates over shorter time horizons. The chart is just another way to **quantify uncertainty** about the outlook and the fact that the burden is on the economy to prove it can get over covid and actually return to a semblance of its former self.

Subscribe to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

## Recent Economic Data

| Date | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| **Tuesday, Jul 06** | | | | |
| 10:00AM | Jun ISM N-Mfg PMI | 60.1 | 63.5 | 64.0 |

## Event Importance:

No Stars = Insignificant
☆ Low
★ Moderate
★★ Important

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

**Read or subscribe** to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

| Date | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| **Wednesday, Jul 07** | | | | |
| 7:00AM | w/e MBA Purchase Index | 252.4 | | 255.2 |
| 7:00AM | w/e MBA Refi Index | 2791.3 | | 2856.6 |
| 2:00PM | FOMC Minutes | | | |
| **Thursday, Jul 08** | | | | |
| 8:30AM | w/e Jobless Claims (k) | 373 | 360 | 364 |
| 8:30AM | w/e Continued Claims (ml) | 3.339 | 3.313 | 3.469 |
| **Friday, Jul 09** | | | | |
| 10:00AM | May Wholesale inventories mm (%) | 1.3 | 1.1 | 1.1 |
| **Monday, Jul 12** | | | | |
| 11:30AM | 3-Yr Note Auction (bl) | 58 | | |
| 1:00PM | 10-yr Note Auction (bl) | 38 | | |
| **Tuesday, Jul 13** | | | | |
| 8:30AM | Jun Consumer Price Index (CPI) (%) | 0.9 | 0.5 | 0.6 |
| 8:30AM | Jun Core CPI (Annual) (%) | 4.5 | 4.0 | 3.8 |
| 1:00PM | 30-Yr Bond Auction (bl) | 24 | | |
| **Wednesday, Jul 14** | | | | |
| 7:00AM | w/e MBA Purchase Index | 273.3 | | 252.4 |
| 7:00AM | w/e MBA Refi Index | 3361.5 | | 2791.3 |
| 8:30AM | Jun Core Producer Prices YY (%) | 5.6 | 5.1 | 4.8 |
| **Thursday, Jul 15** | | | | |
| 8:30AM | Jun Import prices mm (%) | 1.0 | 1.2 | 1.1 |
| 8:30AM | Jul Philly Fed Business Index | 21.9 | 28.0 | 30.7 |
| 8:30AM | Jul NY Fed Manufacturing | 43.00 | 18.00 | 17.40 |
| 9:15AM | Jun Industrial Production (%) | 0.4 | 0.6 | 0.8 |
| **Friday, Jul 16** | | | | |
| 8:30AM | Jun Retail Sales (%) | 0.6 | -0.4 | -1.7 |
| 10:00AM | Jul 5yr Inflation Outlook (%) | 2.9 | | 2.8 |
| 10:00AM | Jul 1yr Inflation Outlook (%) | 4.8 | | 4.2 |
| 10:00AM | Jul Consumer Sentiment | 80.8 | 86.5 | 85.5 |
| 10:00AM | May Business Inventories (% ) | 0.5 | 0.5 | -0.2 |

⭐⭐ Very Important

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

**Read or subscribe** to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

## About Casey Sullivan

Casey is a dedicated and dependable mortgage loan officer. His clients count on him to be their skilled, experienced, and focused consultant, listening to their needs.

He skillfully assists his clients with both refinancing and home purchases in California and more specifically the San Francisco Bay Area.

His vision is to build lifetime relationships with each client as their mortgage consultant...for life! He stays connected with each client well after closing which includes loan reviews and dependable market updates.

Casey believes that everyone deserves to completely understand their mortgage financing options and that one size does not fit all when it comes to mortgages. Nor does it apply when it comes to mortgage lenders. All lenders are not made the same and they are not all equal.

For a free consultation, contact Casey Sullivan today at 925-395-4212 or Casey@TheSullivanGrp.com

NMLS237837. CrossCounty Mortgage NMLS3029, Branch NMLS1553210Branch NMLS ID# 313318
An Approved Equal Housing Lender

**Casey Sullivan**

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

**Read or subscribe** to my newsletter online at: http://mortgageratesupdate.com/caseysullivan