

**Nestor Caussade Morales**
Mortgage Broker, Edge Home Finance
NMLS #1538512
_ PLANO, TEXAS 75074

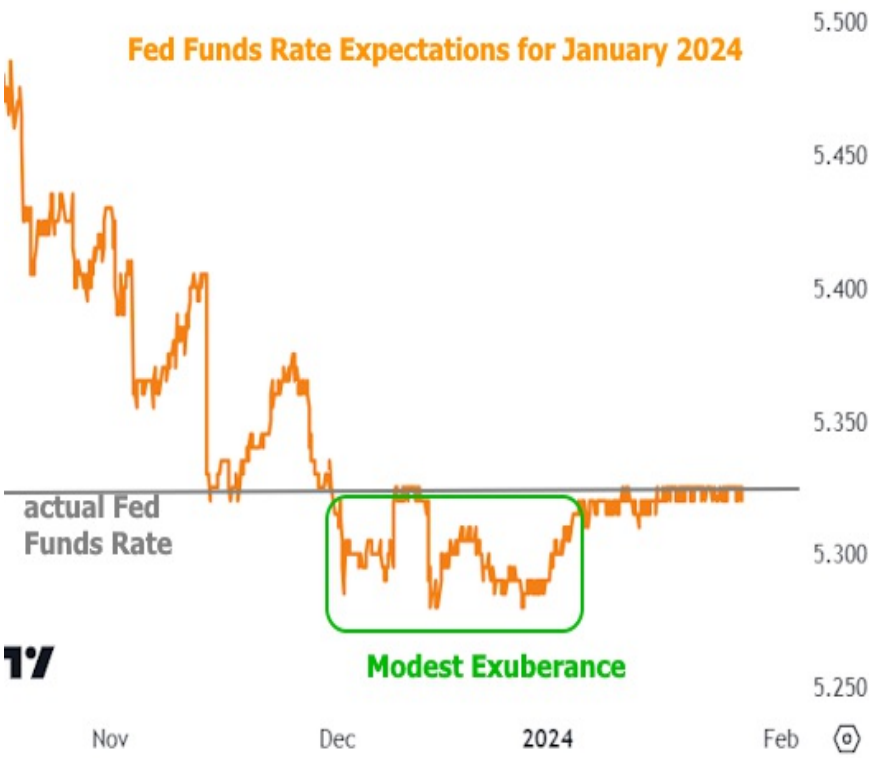
Mobile: 817-697-4281
nestor@dfwmortgagebroker.com
View My Website

# What's At Stake With The Upcoming Fed Meeting?

Over the past 2 months, speculation ramped up quickly regarding the pace and magnitude of Fed rate cuts in 2024. Next week brings the first Fed meeting that's in the realm of that speculation.

Some pundits went so far as to mention a chance of a rate cut as early as the January meeting. Could that happen and what would the implications be of rate cuts in general?

First off, the market doesn't really believe this will happen. There were a few days where some of the trades in Fed Funds Futures suggested an outside possibility of a January rate cut, but that has since been priced out of the market.




There has certainly been a shift in the market's assessment of the Fed's stance. It took place with strong momentum in November and December. The Fed itself added to the momentum with the rate-friendly announcement on December 13th.

## National Average Mortgage Rates




| Mortgage News Daily | Rate | Change | Points |
|---|---|---|---|
| 30YR Fixed | 7.30% | +0.12 | 0.00 |
| 15YR Fixed | 6.92% | +0.09 | 0.00 |
| 30YR FHA | 6.89% | +0.07 | 0.00 |
| 30YR Jumbo | 7.40% | +0.03 | 0.00 |
| 7/6 SOFR | 6.80% | +0.31 | 0.00 |
| 30YR VA | 6.90% | +0.07 | 0.00 |

Rates as of: 11/10

## MBS and Treasury

| | Price / Yield | Change |
|---|---|---|
| MBS UMBS 6.0 | 99.43 | -0.62 |
| 10 YR Treasury | 4.9860 | +0.0952 |
| 30 YR Treasury | 5.3557 | +0.0737 |

Pricing as of: 11/10 5:59PM EST

## Recent Housing Data

| | | Value | Change |
|---|---|---|---|
| Mortgage Apps | Oct 28 | 192.6 | -1.23% |
| 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% |

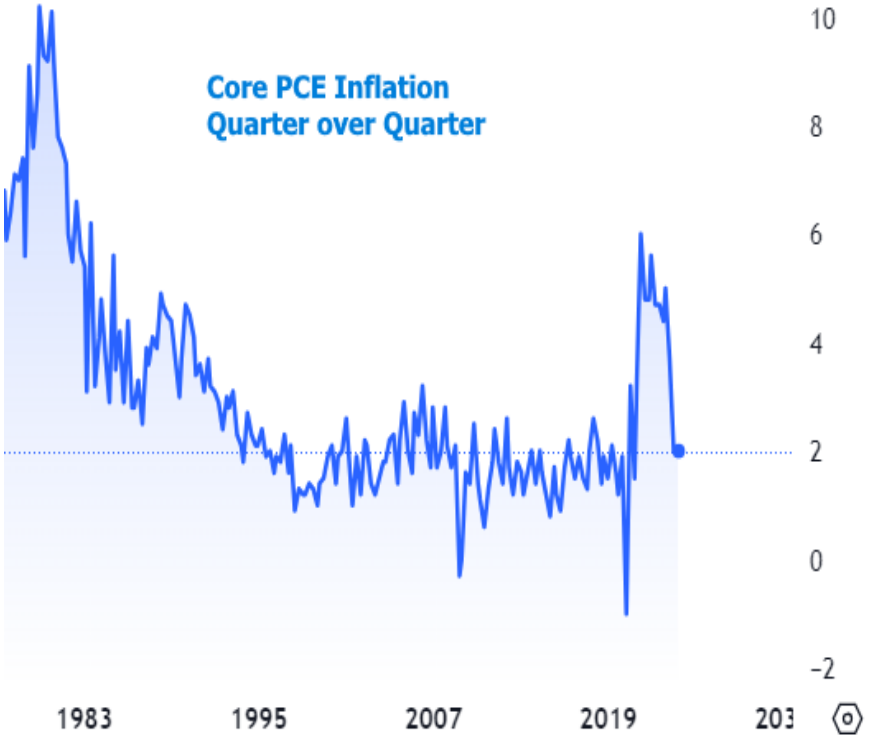
© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

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/nestor-caussade-morales

Since then, however, we have not seen the sort of economic data necessary to fulfill the conditions of a Fed rate cut cycle. This isn't to say it can't happen in 2024--only that it's too soon to debate. At the very least, we know we haven't met those conditions yet.

But what about core inflation returning to 2%? After all, that's the Fed target and this week's GDP data did show core PCE at 2% quarter-over-quarter.

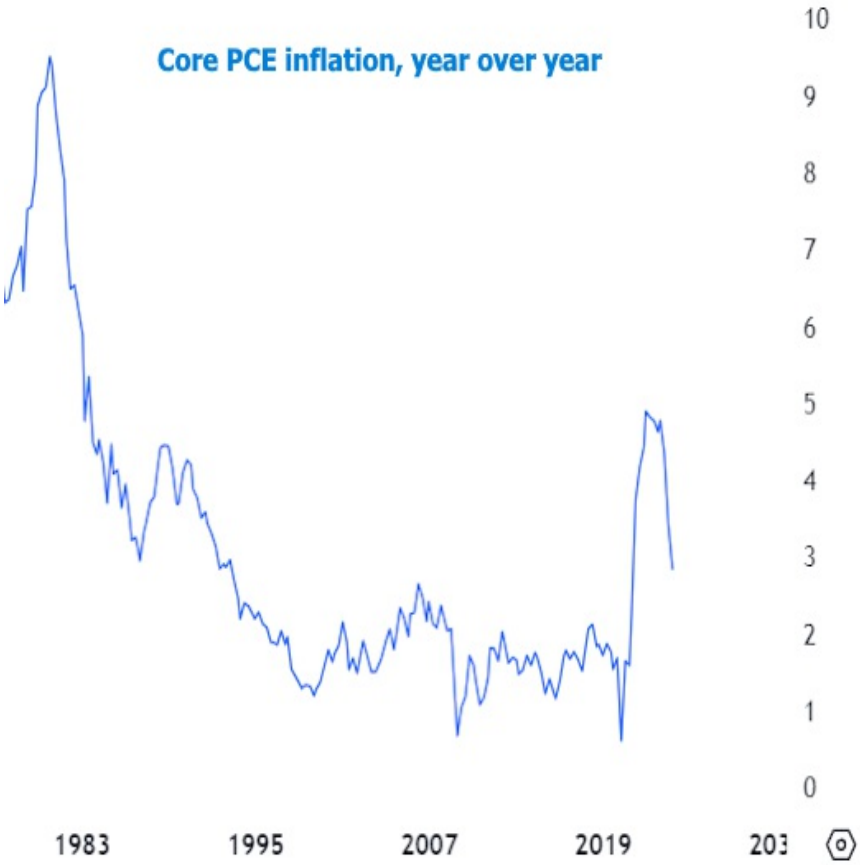



This is not an optical illusion, but it's important to understand the 2% inflation target is an annual metric. The chart above shows lots of promise based on Q4 of 2023. Now we need to make sure 2% inflation sticks around so the annual chart can align with the quarterly chart.

© 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/nestor-caussade-morales




While it's no longer necessarily a top priority, the Fed would also not mind seeing some more slack in the labor market and some other signs of economic weakness to bolster the case for further disinflation. If the economy is too strong, they need to wonder if inflation might pick back up.

To that end, next week's jobs report will be a big potential source of volatility, as always, but even before then, there are several other pieces of data that could cause volatility. Only two of them will come out before Wednesday's Fed announcement: Job Openings (via JOLTS) and the Employment Cost Index. Of the two, it's really only JOLTS that has a strong track record of moving markets recently.

That leaves us to wonder how much of an impact the Fed can really have. There haven't been any major changes in the data since their last meeting and there is no dot plot for each member to adjust their rate projections at this meeting. As such, the market may come away with just as much indecision as it has endured in the past few weeks.

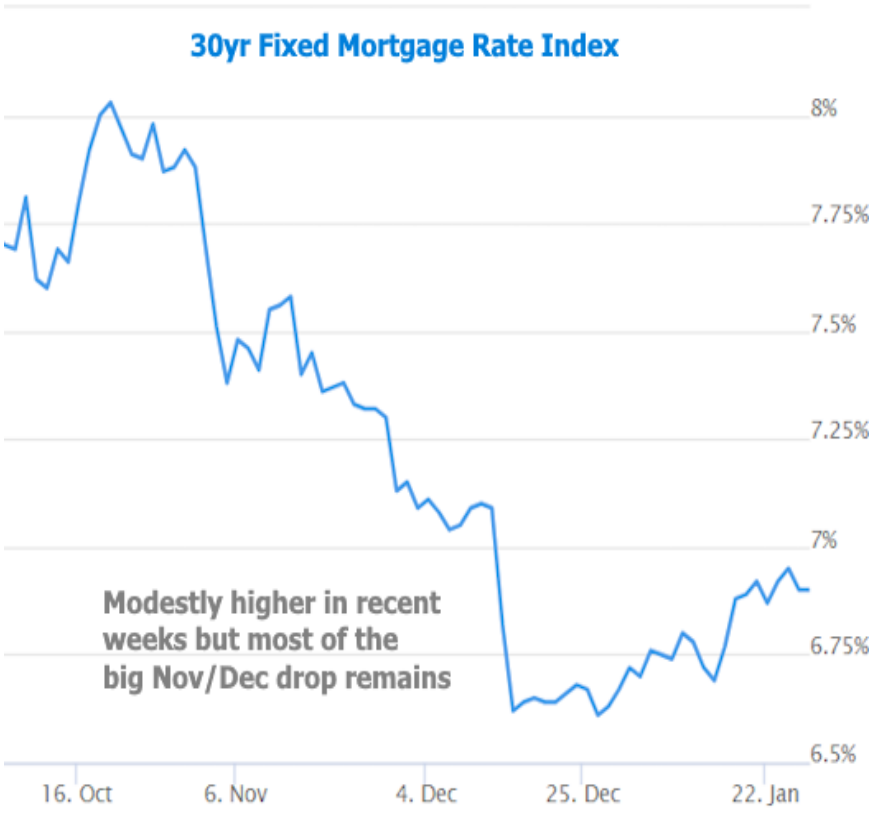
Fortunately, for interest rates, this period of correction and indecision hasn't erased the bulk of the improvement seen at the end of 2023. Instead, it's been a token correction, and a logical place to level off as traders wait for data that would endorse additional improvement (or motivate a deeper correction toward higher rates).

© 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/nestor-caussade-morales



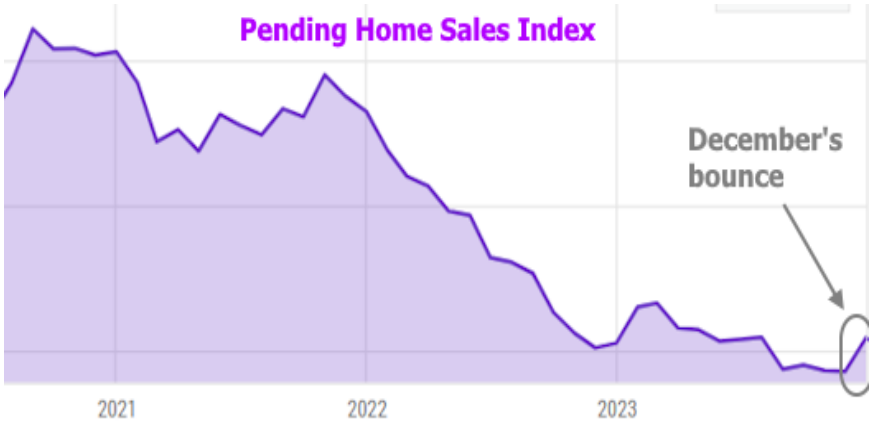




One place we don't have to worry about things looking "too strong" for the Fed is in the home sales data. This week's release of December's pending sales was quite a bit higher than November's (nice!), but still near long term lows.

© 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/nestor-caussade-morales




Still, this is a good proof of concept regarding the ability of lower interest rates to motivate additional volume. Moreover, opportunity continues to exist for new construction, also released this week. While new home sales declined a bit, they remain in much better shape relative to their long term range.




Subscribe to my newsletter online at: http://mortgageratesupdate.com/nestor-caussade-morales

## Recent Economic Data

| Date | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| **Wednesday, Jan 24** | | | | |

## Event Importance:

No Stars = Insignificant
☆ Low
★ Moderate

© 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/nestor-caussade-morales

| Date | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| 7:00AM | Jan/19 MBA Refi Index | 438.4 | | 471.2 |
| 7:00AM | Jan/19 MBA Purchase Index | 174.3 | | 162.2 |
| 9:45AM | Jan S&P Global Services PMI | 52.9 | 51 | 51.4 |
| **Thursday, Jan 25** | | | | |
| 8:30AM | Dec Durable goods (%) | 0% | 1.1% | 5.4% |
| 8:30AM | Q4 GDP (%) | 3.3% | 2% | 4.9% |
| 8:30AM | Jan/20 Jobless Claims (k) | 214K | 200K | 187K |
| 8:30AM | Q4 Core PCE Prices QoQ Final | 2% | 2% | 2% |
| 10:00AM | Dec New Home Sales (ml) | 0.664M | 0.645M | 0.59M |
| **Friday, Jan 26** | | | | |
| 8:30AM | Dec Core PCE Inflation (y/y) (%) | 2.9% | 3% | 3.2% |
| 8:30AM | Dec Core PCE (m/m) (%) | 0.2% | 0.2% | 0.1% |
| 10:00AM | Dec Pending Home Sales (%) | 8.3% | 1.5% | 0% |
| **Tuesday, Jan 30** | | | | |
| 9:00AM | Nov FHFA Home Prices y/y (%) | 6.6% | | 6.3% |
| 9:00AM | Nov CaseShiller 20 mm nsa (%) | -0.2% | | 0.1% |
| 9:00AM | Nov FHFA Home Price Index m/m (%) | 0.3% | | 0.3% |
| 9:00AM | Nov Case Shiller Home Prices-20 y/y (%) | 5.4% | 5.8% | 4.9% |
| 10:00AM | Dec USA JOLTS Job Openings | 9.026M | 8.75M | 8.79M |
| **Wednesday, Jan 31** | | | | |
| 8:15AM | Jan ADP jobs (k) | 107K | 145K | 164K |
| 8:30AM | Treasury Refunding Announcement (%) | | | |
| 8:30AM | Q4 Employment costs (%) | 0.9% | 1% | 1.1% |
| 9:45AM | Jan Chicago PMI | 46 | 48 | 46.9 |
| 2:00PM | Fed Interest Rate Decision | 5.5% | 5.5% | 5.5% |
| 2:30PM | Fed Press Conference | | | |
| **Thursday, Feb 01** | | | | |
| 8:30AM | Jan/27 Jobless Claims (k) | 224K | 212K | 214K |
| 10:00AM | Jan ISM Manufacturing PMI | 49.1 | 47 | 47.4 |
| 10:00AM | Dec Construction spending (%) | 0.9% | 0.5% | 0.4% |
| **Friday, Feb 02** | | | | |
| 8:30AM | Jan Non Farm Payrolls | 353K | 180K | 216K |
| 8:30AM | Jan Unemployment rate mm (%) | 3.7% | 3.8% | 3.7% |
| 10:00AM | Jan Consumer Sentiment (ip) | 79 | 78.9 | 69.7 |

☆☆ Important
★★ 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/nestor-caussade-morales