THE FEDERAL SAVINGS BANK
Co. NMLS# 411500
Member FDIC

Ted Rood
Branch Manager, Gen Way Home Mortgage
NMLS #543290
O Fallon, Missouri 63368

Office: 3147400004
Mobile: 314-740-0004
ted_rood@yahoo.com

Expect Tougher Talk From The Fed After This Week's Inflation Data

As 2024 has progressed, economic data--especially inflation data--have made it increasingly clear that rates will not be coming down nearly as soon as the Fed (and the market) expected.

Rates are driven by multiple factors. At present, inflation is chief among those, followed by the economy. In general, higher inflation and economic strength coincide with higher rates.

Inflation and economic data evolved in such a way as to offer some light at the end of the high rate tunnel at the end of 2023. Even the Fed acknowledged the shift by lowering its 2024 rate projection by half a percent in December.

But 2024 has proven to be a frustrating year so far for everyone who'd been hoping that inflation and rates were finally on the way back down. We weren't necessarily expecting to see any new fireworks this week, but we got them anyway.

The trouble began on Thursday morning with the release of the quarterly GDP data. One component of GDP is "personal consumption expenditures" (PCE). One manifestation of the PCE data is a price index which in turn has a variation that excludes food and energy to give us the Core PCE Price Index.

Core PCE is akin to Core CPI and it happens to be preferred by the Fed when it comes to tracking the 2% inflation target. There are several different Core PCE measurement methods, which can make things fairly confusing on weeks when the data is released. They include:

- Annualized quarterly Core PCE, which takes an average of 3 monthly readings and determines the % change versus the average of the 3 months in the previous quarter before multiplying the result by 4 to get an annualized figure (i.e. this is what annual core inflation would look like if the quarter over quarter trajectory were maintained for an entire year. This number is only released once per quarter, but it is revised on each of the next 2 months as new monthly data comes in.
- Monthly Core PCE, which is released every month and serves as the raw ingredient for quarterly PCE
- Annual Core PCE, which is just a year-over-year version of the monthly data

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.51%	+0.01	0.00
15YR Fixed	7.04%	+0.01	0.00
30YR FHA	7.08%	+0.03	0.00
30YR Jumbo	7.52%	+0.02	0.00
7/6 SOFR	7.12%	-0.01	0.00
30YR VA	7.10%	+0.03	0.00

Rates as of: 11/16

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.73	+0.03
10 YR Treasury	5.1260	-0.0082
30 YR Treasury	5.4714	-0.0044

Pricing as of: 11/16 7:12PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
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%

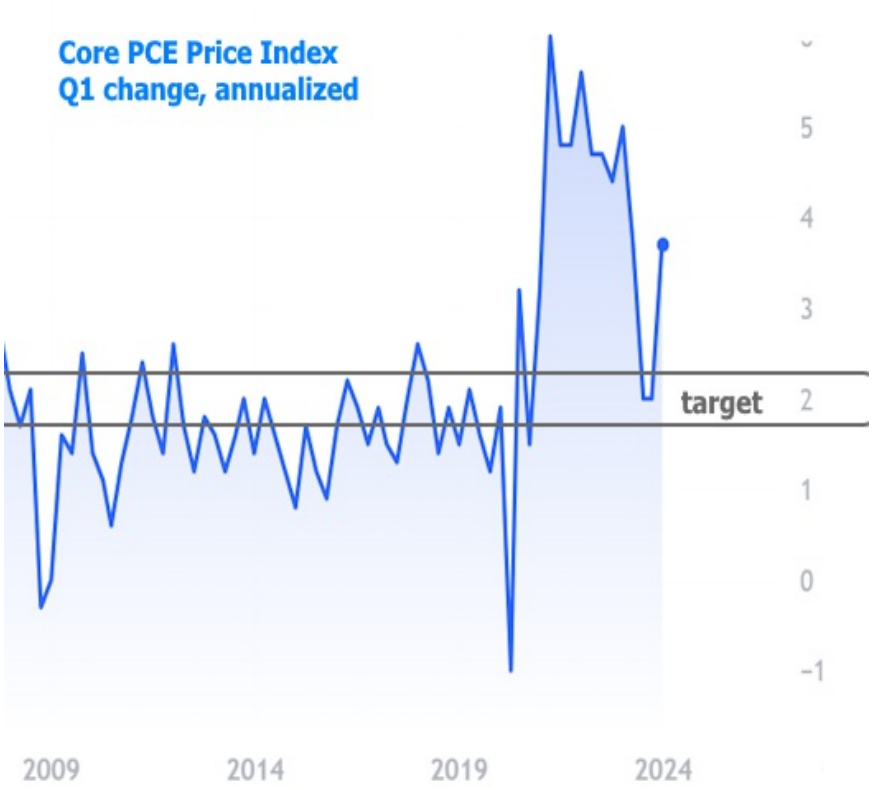
© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

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/tedrood

All of the above come from the same report, but all can send different signals. To make matters more confusing, the quarterly number is released with GDP one day BEFORE the monthly number, but without the same level of detail.

Long story short, the annualized quarterly Core PCE, which had been back in the Fed's target range until this week, suddenly did this:



Markets knew it would be moving up. They'd guessed the number would be 3.4%, in fact (which makes sense based on the 2 months of data we already had for Q1 compared to Q4's tamer numbers). But the actual number was 3.7%, which is quite a big "beat" when it comes to inflation indices.

Markets panicked initially, with stocks selling off and bond yields spiking to the highest levels since early November. Traders who bet on the Fed Funds rate quickly increased their levels for the end of 2024.

© 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/tedrood



A day later, however, and the more detailed, monthly PCE data painted a slightly softer picture. With March numbers now able to be compared to March 2023, the true year over year number was 2.8% (still too high, but not as high as the previous day's data might have suggested).



The news was slightly better when viewed in month over month terms. Here too, inflation is still almost twice as hot as the Fed would like to see, but it was actually slightly lower than last month (after revisions). To be clear, we're saying that the pace of price increases is lower--not prices themselves.

© 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/tedrood



Some people get upset when economic data is revised in a way that makes it seem like the government tried to paint a rosier picture for initial releases. In addition to numerous examples of past revisions having a completely opposite effect, rest assured, the financial market sees all the moving parts and trades accordingly. Specifically, even after the softer data came out on Friday, bond yields (a fancy word for "rates") were still higher than they were before the previous day's data and significantly higher than the lows seen on Tuesday after PMI data.

© 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/tedrood

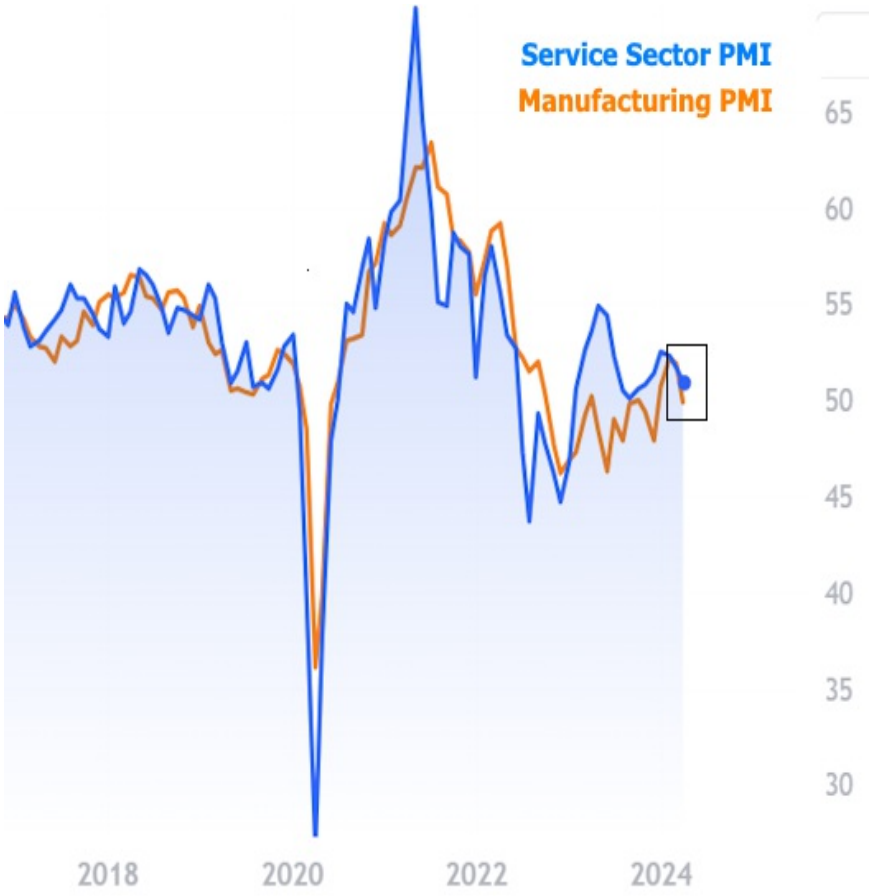


The PMI data refers to S&P Global's Purchasing Managers Indices (PMIs). This is another version of the highly regarded PMIs from the Institute for Supply Management (ISM). Both firms produce PMIs that track the manufacturing and services sector. Tuesday's version from S&P Global came in unexpectedly lower on both fronts. It may not look like much of a drop on a chart, but markets are intently focused on economic momentum as it could speak to the prospects for inflation and rates in the future.

© 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/tedrood

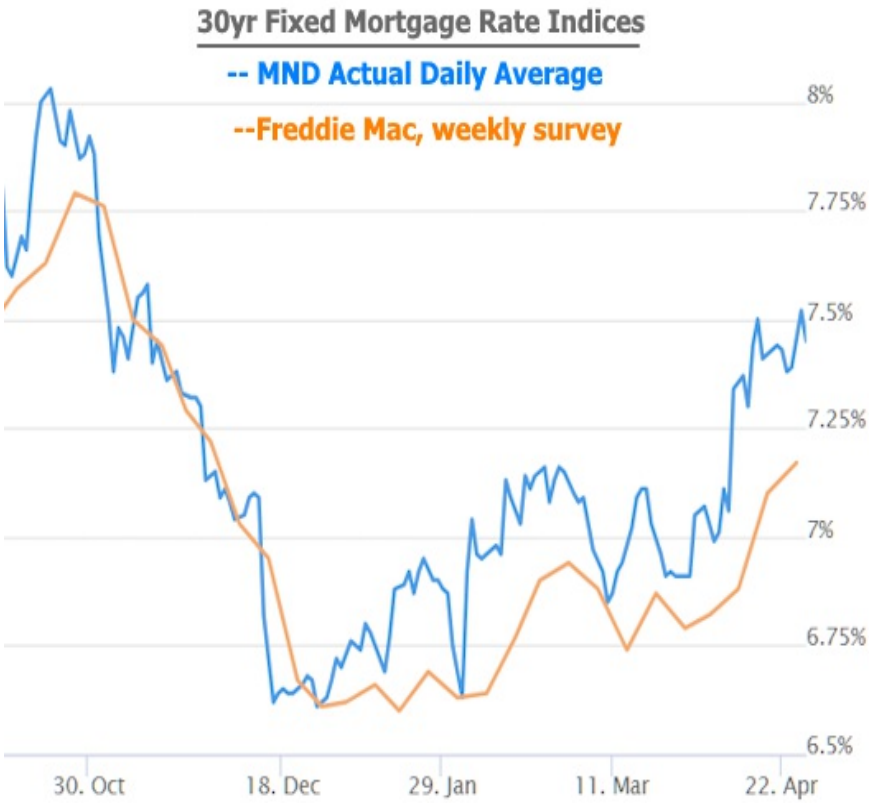


The prospects for mortgage rates have not been great in April. While we did see some relief on Friday, Thursday's reaction to the quarterly PCE data brought the average 30yr fixed rate to new 5 month highs--a fact that is not yet reflected in Freddie's weekly survey numbers.

© 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/tedrood



In this week's other economic news, Pending Home Sales rose more than expected (which is a good sign for next month's existing home sales). They're now no longer losing ground in year over year terms.

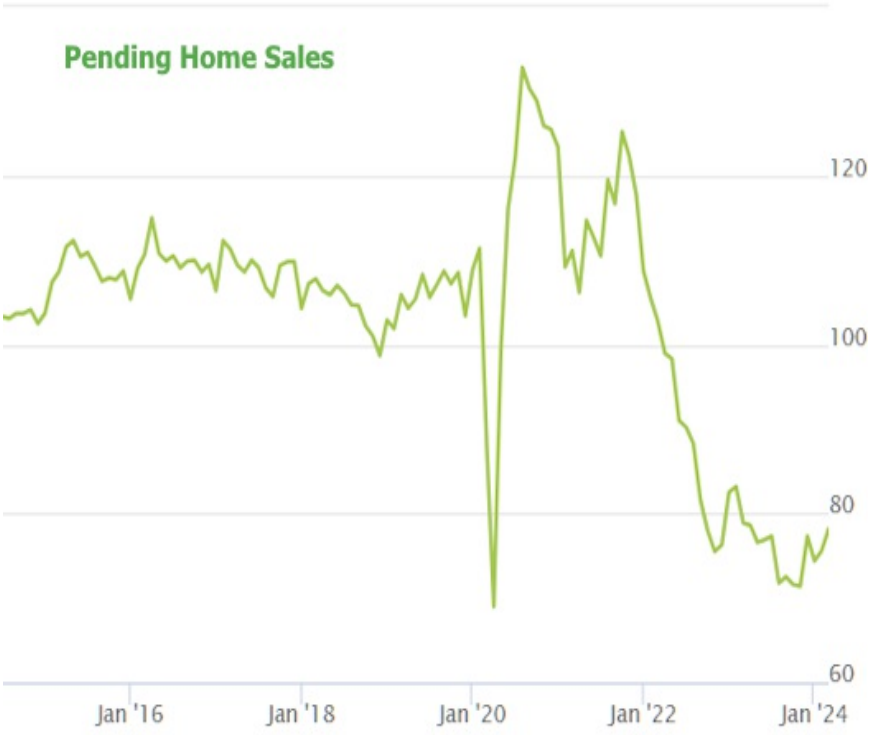


© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

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/tedrood

The major caveat is that the outright level of pending home sales remains near the lowest in decades.



New Home Sales are a different story. While they're certainly not as high as they were a few years ago, they've held up much better on a combination of available inventory and builder incentives.

© 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/tedrood



The week ahead brings several key events.

Monday:

Treasury will issue a quarterly update on borrowing needs in stages on Monday and Wednesday. This has been a hot button for rates the last few cycles.

Wednesday:

The Fed announcement (2pm, ET) is important because it will likely contain an update on how the Fed is handling its balance sheet run-off. This doesn't mean the Fed is going to buy new bonds again, but they will soon announce that they'll maintain more of their existing bond holdings. Experts disagree on whether this will matter for rates, but that could depend on the details. More importantly, we'll get updated thoughts from Powell in the press conference (2:30pm ET) that follows the announcement. Even before this week's data, the Fed was already questioning whether it would be able to cut rates at all in 2024. The PCE data arguably writes those questions in ink.

ISM's version of the manufacturing PMI will be released at 10am ET as well as the Job Openings data for March. Treasury releases the more detailed stage of the borrowing announcement at 8:30am ET.

Friday

The big monthly jobs report will be released on Friday morning at 8:30am ET followed 90 minutes later by ISM's service sector PMI

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

© 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/tedrood

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Apr 23				
9:45AM	Apr S&P Global Services PMI	50.9	52	51.7
9:45AM	Apr S&P Global Manuf. PMI	49.9	52	51.9
10:00AM	Mar New Home Sales (ml)	0.693M	0.668M	0.662M
Wednesday, Apr 24				
7:00AM	Apr/19 MBA Refi Index	472.7		500.7
7:00AM	Apr/19 MBA Purchase Index	144.2		145.6
8:30AM	Mar Durable goods (%)	2.6%	2.5%	1.3%
Thursday, Apr 25				
8:30AM	Q1 Core PCE Prices QoQ Final	3.7%	3.4%	2%
8:30AM	Q1 GDP (%)	1.6%	2.5%	3.4%
10:00AM	Mar Pending Home Sales (%)	3.4%	0.3%	1.6%
Friday, Apr 26				
8:30AM	Mar Core PCE (m/m) (%)	0.3%	0.3%	0.3%
8:30AM	Mar Core PCE Inflation (y/y) (%)	2.8%	2.6%	2.8%
10:00AM	Apr Consumer Sentiment (ip)	77.2	77.8	79.4
Monday, Apr 29				
3:00PM	Treasury Refunding Financing Estimates (%)			
Tuesday, Apr 30				
8:30AM	Q1 Employment costs (%)	1.2%	1%	0.9%
9:00AM	Feb FHFA Home Price Index m/m (%)	1.2%	0.1%	-0.1%
9:00AM	Feb CaseShiller 20 mm nsa (%)	0.9%		-0.1%
9:45AM	Apr Chicago PMI	37.9	45	41.4
10:00AM	Apr CB Consumer Confidence (%)	97.0	104.0	104.7
Wednesday, May 01				
8:15AM	Apr ADP jobs (k)	192K	175K	184K
8:30AM	Treasury Refunding Announcement (%)			
10:00AM	Mar USA JOLTS Job Openings	8.488M	8.69M	8.756M
10:00AM	Apr ISM Manufacturing PMI	49.2	50.0	50.3
2:00PM	Fed Interest Rate Decision	5.5%	5.5%	5.5%
2:30PM	Fed Press Conference			
Thursday, May 02				
7:30AM	Apr Challenger layoffs (k)	64.789K		90.309K
8:30AM	Apr/27 Jobless Claims (k)	208K	212K	207K
Friday, May 03				
8:30AM	Apr Non Farm Payrolls	175K	243K	303K
8:30AM	Apr Unemployment rate mm (%)	3.9%	3.8%	3.8%

Event Importance:

No Stars = Insignificant
☆ Low
★ Moderate
★★ 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/tedrood

Date	Event	Actual	Forecast	Prior
10:00AM	Apr ISM N-Mfg PMI	49.4	52.0	51.4

Responsive service, experienced expertise

I've dedicated my 26 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

Ted Rood

© 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/tedrood