

**Tony Mosco**
Owner/Broker, Suncoast Mortgage Firm
NMLS#2604189
NMLS #1919591
8270 Woodland Corporate Center Tampa, Florida 33614

Mobile: 813-599-3533
tony@suncoastmortgagefirm.com
View My Website

# Highest Inflation in Decades, But Housing Has a Bigger Problem

Inflation is bad for interest rates and it's at the highest levels in decades. But the housing market has a far bigger problem.

Actually, it's **not hard** for a problem to become bigger than rates right now considering we're still at levels that would have been record lows at any other time before covid. Moreover, rising rates (within reason) might **help** to tap the breaks on what has been an unprecedented disparity between supply and demand.

That brings us to **the big problem:** supply--or rather, the lack thereof. Lamenting the lack of housing inventory is a common refrain, but it's never been more relevant. The ill effects are increasingly visible as various home sales metrics have failed to advance for several months now. This week's update on New Home Sales provided the most recent example, falling moderately and undershooting expectations.




## National Average Mortgage Rates




| Mortgage News Daily | Rate | Change | Points |
|---|---|---|---|
| 30YR Fixed | 7.42% | +0.12 | 0.00 |
| 15YR Fixed | 7.00% | +0.08 | 0.00 |
| 30YR FHA | 7.00% | +0.11 | 0.00 |
| 30YR Jumbo | 7.46% | +0.06 | 0.00 |
| 7/6 SOFR | 7.05% | +0.25 | 0.00 |
| 30YR VA | 7.01% | +0.11 | 0.00 |

Rates as of: 11/12

## MBS and Treasury

| | Price / Yield | Change |
|---|---|---|
| MBS UMBS 6.0 | 98.77 | +0.00 |
| 10 YR Treasury | 5.1260 | -0.0036 |
| 30 YR Treasury | 5.4559 | +0.0011 |

Pricing as of: 11/12 7:08PM EST

## Recent Housing Data

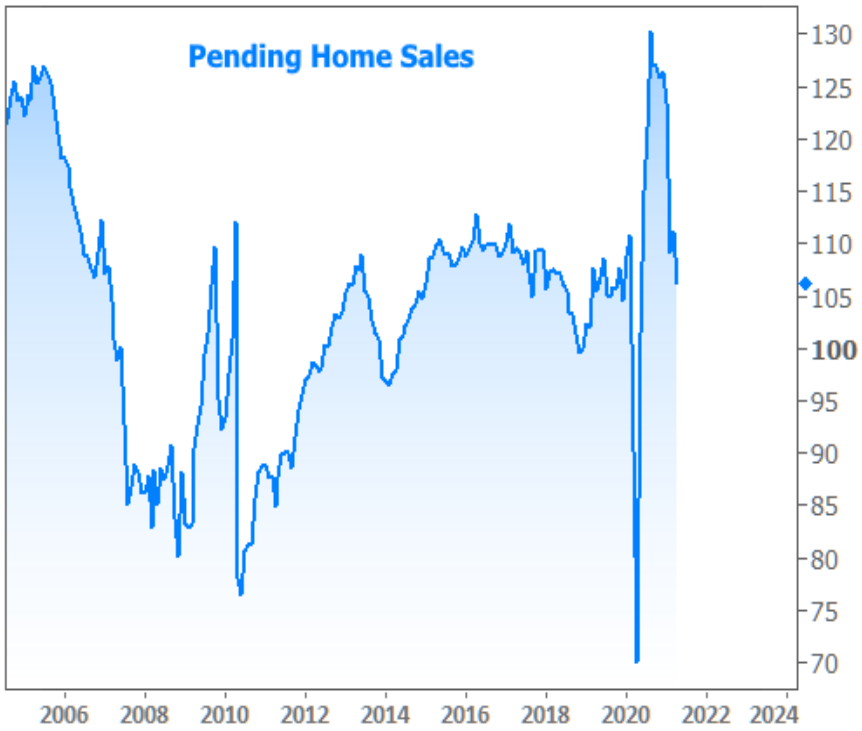
| | | Value | Change |
|---|---|---|---|
| Mortgage Apps | Oct 28 | 192.6 | -1.23% |
| Building Permits | Sep | 1.4M | +0.43% |
| Housing Starts | Sep | 1.22M | -4.24% |
| New Home Sales | Sep | 676K | -1.17% |
| Pending Home Sales | Aug | 71.2 | 0% |
| Existing Home Sales | Oct | 3.99M | +0.25% |
| 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/tonymosconmls1919591

This **doesn't** mean people don't want to buy new homes. Rather, this range of 850k to 950k is simply about as fast as the housing industry can get the things off the shelf in the current environment. The issue is more acutely visible when existing homes are added to the mix, as seen in this week's monthly update on Pending Home Sales.



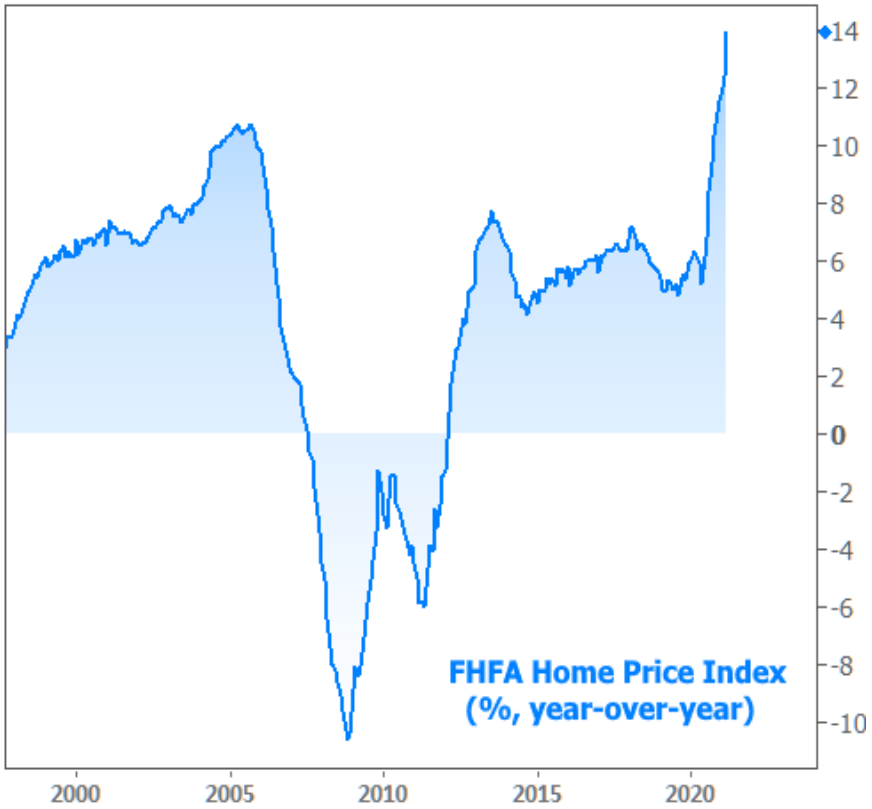

Your eyes do not deceive you. We are indeed **back to pre-covid levels** for pending sales. While some of the pull-back could be driven by a decrease in demand, record low inventories are almost exclusively responsible.

One of the **best** places to witness the effects of the inventory crunch is in home price reports. March's price numbers came out at the beginning of the week, and they leave nothing to the imagination:

© 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/tonymosconmls1919591




Is a 14% annual appreciation rate sustainable? Of course not. In fact, it could be a self-correcting problem before too long. Just this week, several members of the Federal Reserve's Open Market Committee mentioned they're **paying more attention** to home prices, or rather, that home prices will factor into an eventual discussion of adjusting the Fed's bond buying portfolio.

**Why does that matter?** Fed bond buying is a major contributor to low rates. The Fed currently buys $40bln / month in mortgage debt (in addition to reinvesting 10s of billions of proceeds from previous mortgage bond purchases). The Fed knows that low rates grease the skids for home prices. If they're worried about the implications of rampant appreciation, they might cut their mortgage bond purchases faster/more than their Treasury purchases.

That's a bridge they'll cross when they come to it though, and **they haven't come to it yet.** In fact, the Fed is committed to keeping policies accommodative until the economy has logged several months of much stronger data. They've also managed to convince markets not to be spooked by temporary inflation spikes.

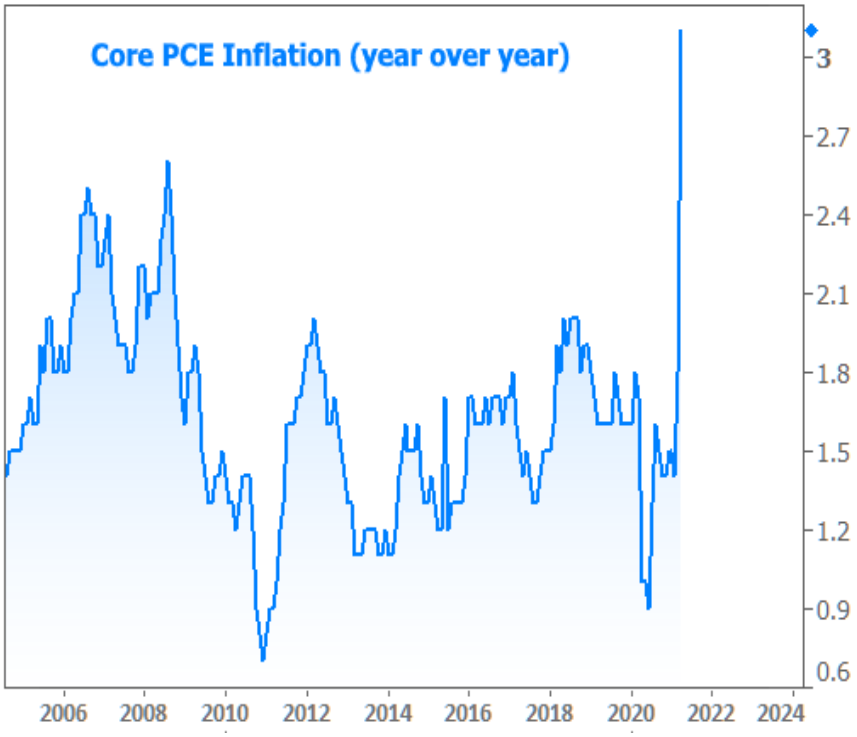
It's not too much to ask the modern bond market to forgive the sorts of inflation spikes seen at times in the past decade. But the inflation spike seen in April's data (the stuff reported in the past 2 weeks) is **on another level**. We'd already discussed the impressive reaction to the CPI data 2 weeks ago. Now this week, a similar report (Personal Consumption Expenditures or "PCE") gave markets another chance to save inflation panic for another day.

The Core PCE Price Index (long said to be the Fed's preferred big-picture inflation metric, and the thing they're hoping to see in the 2-2.5% range for a few months before gradually moving back down to 2%) rose to **3.1%** from last month's 1.9% reading.

© 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/tonymosconmls1919591




This is the highest level in decades. At any other time in history, this sort of swing would have sent interest rates **screaming higher at a record pace**. Instead, here's how bonds/rates traded on the day of the release:




© 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/tonymosconmls1919591

In other words, there was effectively zero reaction to the inflation numbers. Rates were more keen to move for end-of-month housekeeping reasons, and they moved **lower** to boot!

**Bottom line:** markets take the Fed at their word regarding inflation. As such, it's a waiting game to see how things evolve in the coming months. Without a decisive bias in the economic data, rates might have a tough time finding enough inspiration to make the sorts of moves seen in the first 3 months of the year.

This isn't to say economic data is incapable of influencing rates in the short term, just that it's a high bar to clear. If any report is up to the challenge, it's next Friday's big jobs report. Granted, it can't fundamentally alter rate momentum in a lasting way, but it can definitely cause some **volatility**.

Subscribe to my newsletter online at: http://mortgageratesupdate.com/tonymosconmls1919591

## Recent Economic Data

| Date | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| **Tuesday, May 25** | | | | |
| 9:00AM | Mar CaseShiller 20 yy (%) | 13.3 | 12.3 | 11.9 |
| 9:00AM | Mar Monthly Home Price yy (%) | 13.9 | | 12.2 |
| 10:00AM | Apr New Home Sales (ml) | 0.863 | 0.970 | 1.021 |
| 10:00AM | May Consumer confidence | 117.2 | 119.2 | 121.7 |
| 10:00AM | Apr New Home Sales (%) (%) | -5.9 | 12.8 | 20.7 |
| **Wednesday, May 26** | | | | |
| 7:00AM | w/e MBA Purchase Index | 269.8 | | 265.3 |
| 7:00AM | w/e MBA Refi Index | 3168.8 | | 3413.3 |
| 10:30AM | w/e Crude Oil Inventory (ml) | -1.662 | -1.050 | -1.662 |
| 1:00PM | 5-Yr Note Auction (bl) | 61 | | |
| **Thursday, May 27** | | | | |
| 8:30AM | Q1 GDP Prelim (%) | 6.4 | 6.5 | 6.4 |
| 8:30AM | Apr Durable goods (%) | -1.3 | 0.7 | 0.8 |
| 8:30AM | Apr Core CapEx (%) | 2.3 | 0.8 | 1.2 |
| 8:30AM | w/e Jobless Claims (k) | 385 | 425 | 444 |
| 10:00AM | Apr Pending Sales Index | 106.2 | | 111.3 |
| 1:00PM | 7-Yr Note Auction (bl) | 62 | | |
| **Friday, May 28** | | | | |
| 8:30AM | Apr Core PCE Inflation (y/y) (%) | 3.1 | 2.9 | 1.8 |
| 9:45AM | May Chicago PMI | 75.2 | 68.0 | 72.1 |
| 10:00AM | May Sentiment: 5y Inflation (%) | 3.0 | | 3.1 |
| 10:00AM | May Sentiment: 1y Inflation (%) | 4.6 | | 4.6 |
| 10:00AM | May Consumer Sentiment (ip) | 82.9 | 82.9 | 82.8 |
| **Tuesday, Jun 01** | | | | |
| 10:00AM | May ISM Manufacturing PMI | 61.2 | 60.9 | 60.7 |
| 10:00AM | Apr Construction spending (%) | 0.2 | 0.5 | 0.2 |

## 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/tonymosconmls1919591

| Date | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| **Wednesday, Jun 02** | | | | |
| 7:00AM | w/e MBA Purchase Index | 261.4 | | 269.8 |
| 7:00AM | w/e MBA Refi Index | 3022.0 | | 3168.8 |
| **Thursday, Jun 03** | | | | |
| 7:30AM | May Challenger layoffs (k) | 24.586 | | 22.913 |
| 8:15AM | May ADP National Employment (k) | 978 | 650 | 742 |
| 10:00AM | May ISM N-Mfg PMI | 64.0 | 63.0 | 62.7 |
| **Friday, Jun 04** | | | | |
| 8:30AM | May Non-farm payrolls (k) | 559 | 650 | 266 |
| 8:30AM | May Unemployment rate mm (%) | 5.8 | 5.9 | 6.1 |
| 10:00AM | Apr Factory orders mm (%) | -0.6 | -0.2 | 1.1 |


## Experienced, Dedicated, and Trustworthy

Tony Mosco of Suncoast Mortgage Firm exemplifies professionalism, responsiveness, and unwavering integrity in guiding clients through the home purchase or refinance process. Dedicated to his clients' best interests, Tony takes the time to thoroughly educate them on a wide range of loan options, empowering them to make well-informed decisions. With a steadfast commitment to finding the most suitable program for each client's unique needs, he consistently delivers above-and-beyond service. Tony holds a Bachelor of Science in Business Administration and a Master of Business Administration with a Finance concentration from The University of Tampa, ensuring a strong foundation of expertise in every client interaction.

**Tony Mosco** 


© 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/tonymosconmls1919591