MORTGAGE RATE WATCH
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Mortgage Rates Are Handling The Fed News Very Well. Here's Why

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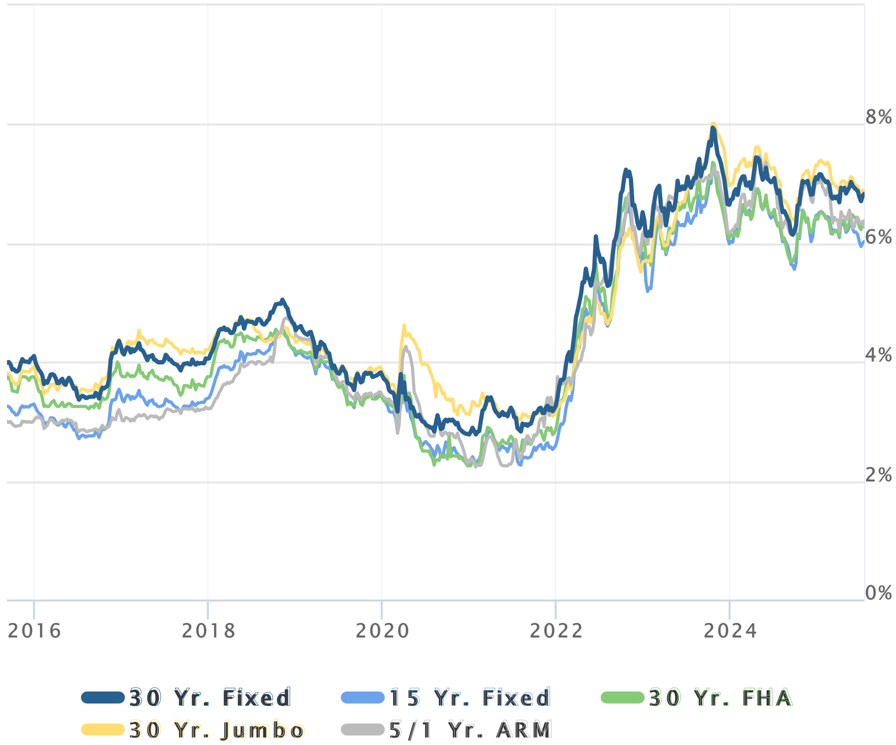
Mortgage rates **didn't move much** today, and the direction of that movement depends greatly on how any given lender reacted to the week's big news from the Fed (more on that here) and the FHFA (more on that here). Some lenders lowered rates very quickly after the FHFA news. That occurred on Wednesday afternoon or Thursday morning depending on the lender.

Then the Fed news hit and almost every lender pulled back--some more than others. Refreshingly though, the damage in the mortgage market was much smaller than what we'd normally expect to see given the damage in the Treasury market. This is all made possible by the fact that bond markets **continue** to allow for rates to be **much lower** than they currently are and that lender capacity is the key limiting factor (i.e. if they dropped rates any faster, they couldn't handle the influx of business).

The **silver lining** is that when things happen like yesterday's Fed news, the mortgage market is better able to absorb it. The fact that lenders are still gradually lowering their guard after the FHFA/Fannie/Freddie shake-up only helped the situation (at least as far as yesterday is concerned. It did far more to hurt the situation before that).

Thankfully though, the average lender is still very close to the rates offered on August 12, just before the initial refinance fee hike was announced (if you're not sure what that is or why it matters, again, you should definitely get caught up with that 2nd link above... here it is again). Some are higher, some are lower, but all are much closer to one another.

Keep in mind, this doesn't mean mortgage rates are immune from upward pressure going forward. If the bond market moves enough, they'll certainly be forced to pay attention. Rather, it's a reflection on what seemed like it would bad news for rates in the short term, and the fact that--for now--it hasn't been that bad at all.


8%
6%
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2016
2018
2020
2022
2024
30 Yr. Fixed
15 Yr. Fixed
30 Yr. FHA
30 Yr. Jumbo
5/1 Yr. ARM