

# MORTGAGE RATE WATCH

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## What Will The Fed Do To Mortgage Rates on Wednesday?

Mortgage rates were roughly unchanged on Tuesday, capping a short but meaningful losing streak over the past 6 business days. During that time, the average 30yr fixed rate move back into the low 7s and came close enough to the 2024 ceiling from 3 weeks ago.

Impending events are set to either reinforce the ceiling or see it broken. The events in question are the 3 components of Wednesday's "Fed day."

It used to be that a Fed announcement was simply a document that specified whether the Fed was hiking/cutting rates, along with some prose talking about the outlook for rates and the economy. That policy statement is still part of the show, but it's joined by a press conference with the Fed Chair on each of the 8 announcement per year.

The even bigger source of volatility is the Fed's summary of economic projections (SEP) which is only released on 4 out of the 8 Fed days each year. Wednesday's announcement is one of the 4.

The SEP matters because it contains an outlook for the Fed Funds Rate for each individual member. The Fed Funds Rate itself does not directly dictate mortgage rates, but CHANGES in rate cut/hike expectations tend to give mortgage rates a decisive push in one direction or the other.

The market is already expecting a bit of an unfriendly change this time around, but the reality could easily differ from expectations. To whatever extent it does, mortgage rates are likely to make bigger moves tomorrow, for better or worse.



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