

MORTGAGE RATE WATCH

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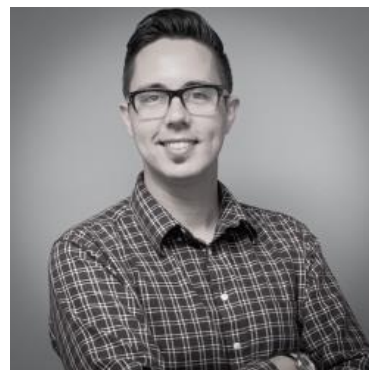
Fed "Held Rates Steady," But Mortgage Rates Improved

The rate market was intently focused on today's announcement from the Federal Reserve. While many news headlines emphasize the Fed "holding rates steady," but that's not what the bond market was focused on. Because mortgage rates are determined by the bond market, that meant they were free to move even though the Fed stood still.

Markets were most interested in the Fed's projections for future rate cuts. In not so many words, those projections retained the Fed's previous expectation of 3 rate cuts by the end of this year, albeit by a smaller margin than the last round of projections in December.

This was a bit more hopeful than markets expected. As such, bonds improved and mortgage rates fell.

The catch is that the improvement wasn't very big, so the average mortgage lender is still in noticeably higher territory compared to the beginning of last week.



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