

# MORTGAGE RATE WATCH

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## Mortgage Rates Move Lower After Fed Announcement

Wednesday brought a full schedule of events and data for the bond market to digest and bonds dictate day to day changes in mortgage rates. The morning's data was perfectly palatable, resulting in modest strength heading into the afternoon's Fed announcement.

Contrary to impression given by many news headlines on Fed day, there is rarely any significance to the Fed's actual decision to hike/cut/hold steady at any given meeting by the time the meeting actually happens. Markets will have long since priced in the likely outcome based on economic data and Fed policy transparency.

In other words, it was a surprise to no one that the Fed held rates steady at this meeting. Bond traders tuned in for other reasons--mainly to hear what Powell had to say at the 2:30pm ET press conference.

There were a few ways Powell could have framed the recent set-backs seen in inflation data. Some analysts thought he might say more to entertain the possibility of rate hike instead of a rate cut. Powell (and, indeed, the Fed announcement itself) definitely acknowledged that inflation data meant a delay for the Fed's next move, but in the press conference, Powell reiterated that the next move was much more likely to be a cut, based on the trajectory of the data.

Bonds improved and many mortgage lenders were able to re-issue slightly lower rates compared to the morning levels. The average 30yr fixed rate is still elevated by 2024's standards, but nicely lower compared to yesterday's latest levels.



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