

## Mortgage Rates Trickle to New 6 Month Low Before Fed Announcement

Mortgage rates began the day with the average lender quoting just slightly higher rates compared to yesterday's latest levels. By the end of the day, however, that average had fallen to its lowest level in more than 6 months, even if only by the thinnest of margins.

Rates are driven by movement in the bond market and bonds responded to several inputs today. The morning hours were basically a wash with some aspects of the Job Openings and Labor Turnover Survey (JOLTS) pushing rates higher while other components of the same report helped limit the damage.

The early afternoon brought headlines regarding an Israeli rocket attack in Beirut. Bonds tend to improve in response to events that increase the risk of more widespread war--at least at first. This is known most commonly as a "flight to safety" as investors move money to safer haven assets like US Treasuries. Today's example was fairly small, but it helped move rates from slightly higher to slightly lower on the day.

Tomorrow brings the latest announcement from the Fed. Here's all you need to know:

- There is effectively a 0% chance the Fed cuts rates tomorrow
- There is some chance the Fed says something that affects the market's outlook for a rate cut in September (currently seen as a near 100% certainty)
- Whenever the Fed ultimately cuts, that rate cut itself has zero immediate bearing on mortgage rates. If the market sees a 100% chance of a September cut, then a September cut will not cause any change in prevailing rates (apart from the Fed Funds Rate itself which is only a mortgage rate inasmuch as certain HELOCS use it as an index)



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