

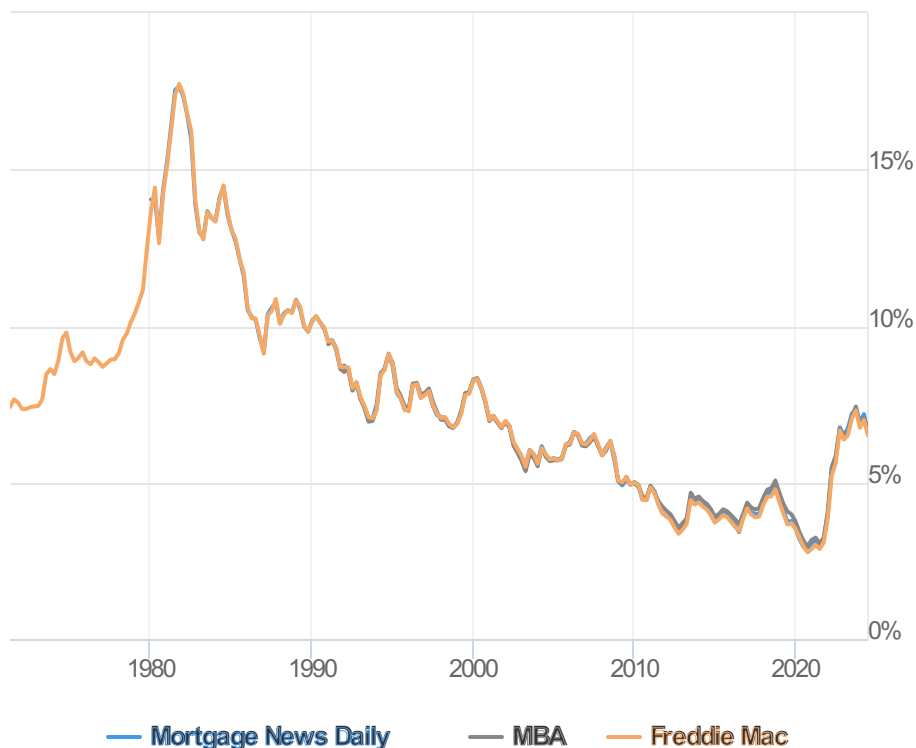
# MORTGAGE RATE WATCH

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## Mortgage Rates Holding Near Long-Term Lows to Start New Week

The average lender's top tier 30yr fixed rate fell to the lowest level since April 2023 last week. That's down more than 1.25% over the past 5 months. During that time, economic data and the Fed's interpretation of the data have moved into better alignment with the idea of a rate cut cycle. As always, things like Treasury yields and mortgage rates are free to move lower well in advance of the official Fed rate cut and that's why the past 5 months have seen such swift improvement in mortgage rates even though the Fed Funds Rate hasn't budged.

Last week was just another week in that saga. Rates were already in the neighborhood of long term lows on Thursday, so it didn't take much of a push. Today brought a significantly smaller improvement, but an improvement on a long-term low technically makes another long-term low.



**Julian Hebron**  
Founder, The Basis Point  
<https://thebasispoint.com/>  
San Francisco CA



Much of the next few days will be focused on watching economic data for any potential influence on the size of the rate cut that the Fed will announce next week. The market is leaning toward the minimum 0.25% cut, but if inflation (Wed/Thu) is low enough or if Jobless Claims (Thu) spike high enough, things could get interesting.

Even then, the next big adventure for rates has a lot less to do with the size of the Fed's rate cut and more to do with how the rate cut path evolves from there. One of the first considerations in that regard will be the Fed's rate projections which are incidentally released at the same exact moment that the rate cut is announced next Wednesday.