

## Rate Rally Reverses, But Focus on Bigger Picture

This week is ending with the average top tier 30yr fixed mortgage rate at its lowest level since early October, 2024. The only way to be disappointed about that would be to focus on the fact that rates were even lower this morning.

Rates fell sharply due to the market's ongoing reaction to Wednesday's tariff announcement and especially due to China's announcement of retaliatory tariffs overnight. Bonds (which dictate rates) were at their strongest levels right at the start of domestic trading, but progressively erased gains. Why?

There are several ways to make a case for Friday's rate reversal. These include but are not limited to 3 key events:

1. A reasonably strong jobs report
2. News that Vietnam would lower tariffs on the U.S. (which acted as a proof of concept suggesting tariffs could end up being less onerous than feared)
3. Fed Chair Powell expressing renewed concern over the inflationary impact of tariffs as opposed to offering any indication that the Fed would be eager to cut rates in response to economic turmoil

In addition to those actual nuts and bolts, one could also consider that rates quite simply covered a ton of ground this week, relative to their recent tendencies, and it's not unheard of for traders to circle the wagons on a Friday afternoon (i.e. to push back slightly on the prevailing momentum).

Again, the average rate is still as low as it's been since October. If there's anything to be less than enthusiastic about, it's the fact that the nature of this motivation means that volatility remains a distinct risk, for better or worse.



Grace Modern Mortgage

[www.gracemodernmortgage.com](http://www.gracemodernmortgage.com)

P: (954) 945-8694

11820 Miramar Parkway  
Miramar Florida 33025

NMLS 2347296



Selma Zollman

Loan Officer, Grace Modern Mortgage

[www.gracemodernmortgage.com/szellman](http://www.gracemodernmortgage.com/szellman)

P: (301) 806-0934

M: (301) 806-0934

Szellman@gracemodernmortgage.com

11820 Miramar Parkway  
Miramar FL 33025