



Fed Holds Steady; Mortgage Rates Fall

This week ended up being underwhelming in terms of interest rate movement despite the much-anticipated Fed announcement on Wednesday.

Anticipation aside, there was zero chance of a rate cut at this week's meeting. While that has some voices in the mortgage/housing space up in arms, our pre-Fed thesis bears repeating.



None of this was very exciting for rates this week. Recent economic reports have had a far bigger impact, as seen in the following chart of 10yr Treasury yields (a common benchmark for longer term interest rates, like mortgages).

US 10yr Treasury Yield



It wasn't just longer term rates. Even if we drill down to specific Fed Funds Rate expectations, we saw far more movement in response to a few comments from Fed speakers on Friday than we did to Wednesday's Fed announcement itself.

Fed Funds Rate Expectations, Dec 2025



Friday's comments represented the more dovish concerns of some Fed members. Specifically, Fed's Waller said there was room to look through the inflationary impact of tariffs and bring rates down a bit. He'd rather start cutting slowly now in order to preempt undue economic stress, and then reassess any unforeseen tariff impacts before cutting further.

All of the above coincided with mortgage rates enjoying an ongoing but exceedingly gentle decline after hitting multi-month highs on May 21st.

30yr Fixed Mortgage Rate Indices

- Freddie Mac Weekly Survey
- MND.News Actual Daily Avg.
- MBA weekly Survey



In housing related news this week, construction metrics languished with housing starts and builder sentiment near recent lows.





On a positive note, a closer examination shows a slight uptick in housing starts for single family homes. In other words, the multifamily sector drove the decline.



Next week brings more housing data with updated home price indexes on Tuesday, new home sales on Wednesday, and Pending Home Sales on Thursday. There will be a slew of additional Fed speakers including Powell's semi annual congressional testimony as well as a relatively important inflation report (PCE) on Friday.