

## Mortgage Rates Hit New 10 Month Lows

October 3rd, 2024 continues to be the day to beat when it comes to mortgage rates hanging out at 10 month lows. Today's top tier 30yr fixed rate matched October 4th levels for the first time since then, just barely edging out last week's lowest levels.

Hitting the next milestone will be a much bigger challenge. The gap between October 3rd and 4th was about as big as they come with a single day move of more than 0.25%. To put that in perspective, the 5 months leading up to August didn't see a range much larger than 0.25%.



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But this comparison to a past milestone is much ado about nothing. Rates are as low as they've been in a long time and refi demand was already surging before the latest drop. If economic data weakens and if inflation stays manageable, we could see further improvement, and every little bit helps.

As for today's specific improvement, it wasn't the product of any major new development. Markets continued a delayed reaction to yesterday's Consumer Price Index (inflation data). Notably, rates moved lower in concert with Fed rate cut expectations. For all the time we spend pushing back on the belief that the Fed dictates mortgage rates, this is the one time that there's a sort of exception.

Specifically, mortgage rates do indeed tend to move the same direction as Fed rate **EXPECTATIONS**. This is mostly because the two share many common motivations and **NOT** because mortgage rates are waiting for a change in the actual Fed Funds Rate. A prime example was seen in late 2024 when mortgage rates hit long term lows only to begin moving higher when the Fed finally cut rates.