

MORTGAGE RATE WATCH

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Mortgage Rates Lowest Since Fed Day

Mortgage rates saw their biggest day-over-day decline of the past several weeks today in response to unexpected news regarding additional tariffs on China. Trump had previously been scheduled to meet with China's President Xi in 2 weeks, but today said there was no reason to do so and that the administration is currently calculating a massive increase in Chinese tariffs.

Stocks and bonds immediately responded with the former moving lower and bonds rallying. When bonds rally, interest rates move lower, all else equal. Mortgage lenders use mortgage-backed securities (MBS) to determine what rates they can offer. When bonds move enough during the course of a day, mortgage lenders can reissue higher/lower mortgage rates. Today's big mid-day rally is resulting in fairly widespread improvements.

The net effect is an average 30yr fixed rate that is now as low as it's been since the September 17th Fed meeting. For context, today's rates are only a hair lower than October 3rd.



Craig Garcia

President, Capital Partners
Mortgage Services, LLC

P: (954) 271-2024

M: (561) 252-2532

1515 N University Dr #102D
Coral Springs FL 33071
#653593



Andrew Sesta

Realtor, The Keyes
Company

www.eastcoastfloridarealestate.com

P: (772) 285-8702

M: (772) 285-8702

andrew@sestasalesteam.com

