

Mortgage Rates Improve After Fed Announcement

The Fed cut its policy rate by 0.25% today and mortgage rates moved lower after the announcement. That said, those two developments are not related.

In fact, there was no movement in the bonds that underlie mortgage rates when the rate cut was announced. Instead, the market (and rates) moved in response to Fed Chair Powell's press conference.

While there is a mistaken belief that such press conferences "always" result in upward pressure on rates, today shows they can go both ways. Key comments that may have helped:

Powell: Job gains could have been overstated in recent months

Powell: Growing evidence that inflation is coming down

Powell: Rates are now in a high range of neutral

The reference to "neutral" means the Fed Funds Rate is near the levels that should neither help nor hurt the economy. Being in the higher end of that range means there could be room for another rate cut or two in 2026. This possibility was already reflected in the rate forecasts that came out with today's announcement, but the market appreciated hearing it from Powell.

Up until Powell's press conference, mortgage rates had been little changed from yesterday. Afterward, most lenders made mid-day changes resulting in the lowest rates of the week.



Drew Stiegemeier

Mortgage Banker, Frontier Mortgage

frontierhomemortgage.com/drew

P: (636) 898-0888

M: (618) 779-7507

1406168



Mike Mihelcic

Associate, Re/Max Alliance

www.remax.com/.../102293806

P: (618) 656-2111

M: (618) 339-5752

remaxmike2012@gmail.com

1121 University Drive
Edwardsville IL 62025

