MORTGAGE RATE WATCH
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Anyone Who Tells You They Know What Happens Next For Rates is Lying

Friday saw mortgage rates move back up near the highest levels of the week, and thus the highest levels of the past 3 months. Thus ends another week where mortgage rates end higher despite a Fed rate cut.

We've beaten this horse to death, but here are the two key reasons Fed rate cuts don't necessarily result in lower mortgage rates, in as few words as possible:

1. Different Kinds of Rates
    - Fed Funds Rate = loans of 24 hours or less.
    - Mortgage rates = loans up to 30 years.
    - Rates can have vastly different behavior when they apply to loans of vastly different time frames
2. Vastly different levels of timeliness
    - Fed only meets to consider rate cuts 8 times a year whereas mortgage rates move daily.
    - As such, mortgage rates can get in position well in advance of the Fed actually cutting.

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All told, this week's Fed announcement had only a small, temporary impact on financial markets, and it was completely reversed on Friday.

In contrast, the upcoming week actually has significant new market movers. These include Retail Sales for October, CPI inflation data for November, and the much-anticipated November jobs report (as well as half of the October jobs report). Unlike the Fed rate cut, markets can't accurately predict how these reports will come out. If they're mostly stronger than expected, rates will break up and out of their recent range. If the reports are weaker, rates should retreat back down into that same range.

Anyone who tells you they know that rates will do one or the other with any degree of certainty is either lying or undereducated. And if such a person happened to be right, it would only have been a lucky guess.