

# MORTGAGE RATE WATCH

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## Mortgage Rates Stage Decent Recovery of Post-Fed Losses

Mortgage rates spiked yesterday after the Fed announcement. The primary driver was the Fed's revised outlook for potential rate hikes later this year. Because the Fed Funds Rate governs ultra-short-term transactions (24hrs or less), it has the biggest impact on the shortest-term debt and a diminishing impact on longer term debt.

While the typical mortgage may be ABLE to last for 30 years, in practice, the average mortgage length (due to refinances and sales) is a moving target assumed to be around 5 years. That's helping us today.

Shorter-term debt is still having some indigestion over Fed day, but longer-term debt has recovered more of yesterday's losses. Top tier 30yr fixed rates are about halfway back to yesterday's pre-Fed levels for the average mortgage lender and in the lower-middle of the range seen since mid-May.

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