Stephen Heston
Broker, Aspire Mortgage Solutions LLC
2481498, 1980964, 2414951
102 W Main St. #3 Pullman, WA 99163

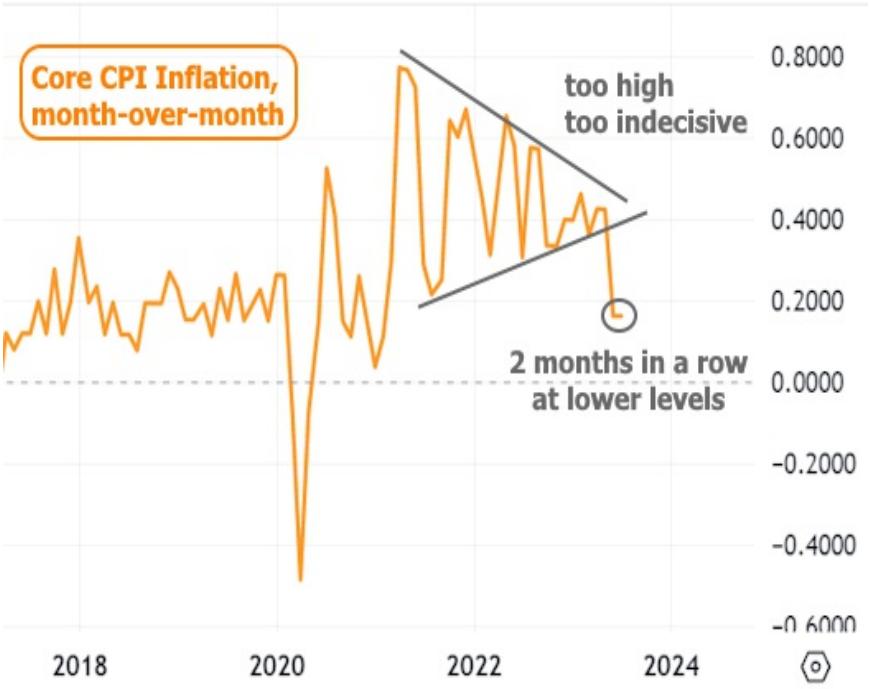
Office: 5092024424
info@aspiremortgagesolutions.com
View My Website

Rates Are Officially Breaking The Rules, But Why?

This was supposed to be the week where a key inflation report would cast a vote on the fate of interest rate momentum. The vote was ostensibly friendly but rates surged higher anyway. What gives?

First off, let's revisit why rates would care so much about an inflation report. CPI (the Consumer Price Index) is the biggest monthly report on inflation in the US. Inflation is the key reason that rates are as high as they are. If inflation falls back to target levels, rates would theoretically move lower in concert.

Last month's CPI was good for rates because it came in below the consensus (the median forecast among multiple economists). It was also a noticeable departure from a highly indecisive trend at elevated levels that, until then, had simply refused to decide whether it would move higher or lower.



As seen in the chart above, the indecisive trend resolved toward lower levels last month with core inflation falling to 0.16%. It matched that same level in the new data released this week. If this were the only thing that mattered to interest rates, rates would be much lower than they are today. Alas, rates

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.51%	+0.01	0.00
15YR Fixed	7.04%	+0.01	0.00
30YR FHA	7.08%	+0.03	0.00
30YR Jumbo	7.52%	+0.02	0.00
7/6 SOFR	7.12%	-0.01	0.00
30YR VA	7.10%	+0.03	0.00

Rates as of: 11/16

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.73	+0.03
10 YR Treasury	5.1255	-0.0087
30 YR Treasury	5.4736	-0.0022

Pricing as of: 11/16 7:38PM EST

Recent Housing Data

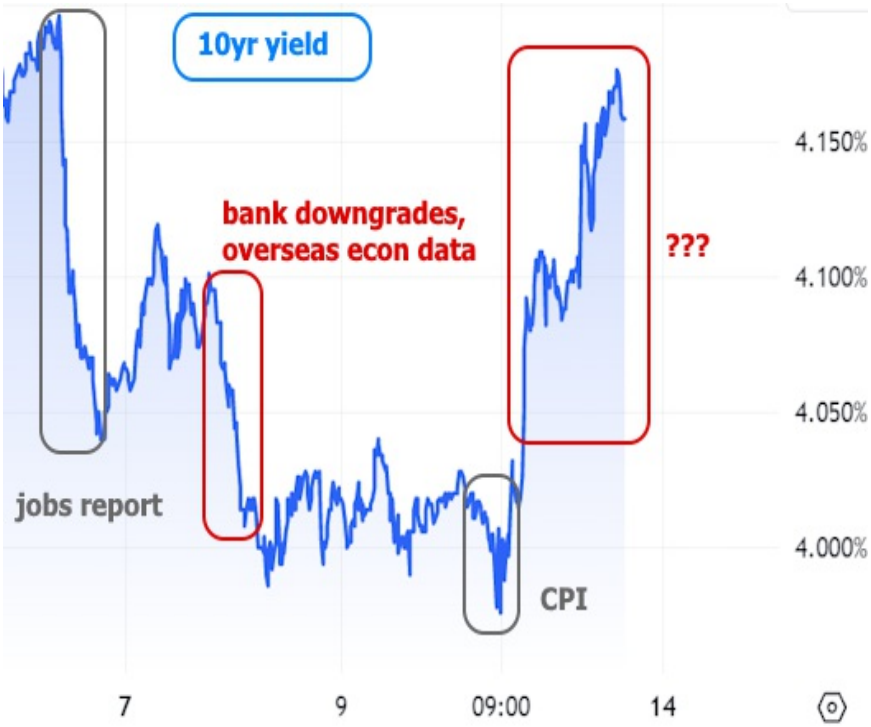
		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

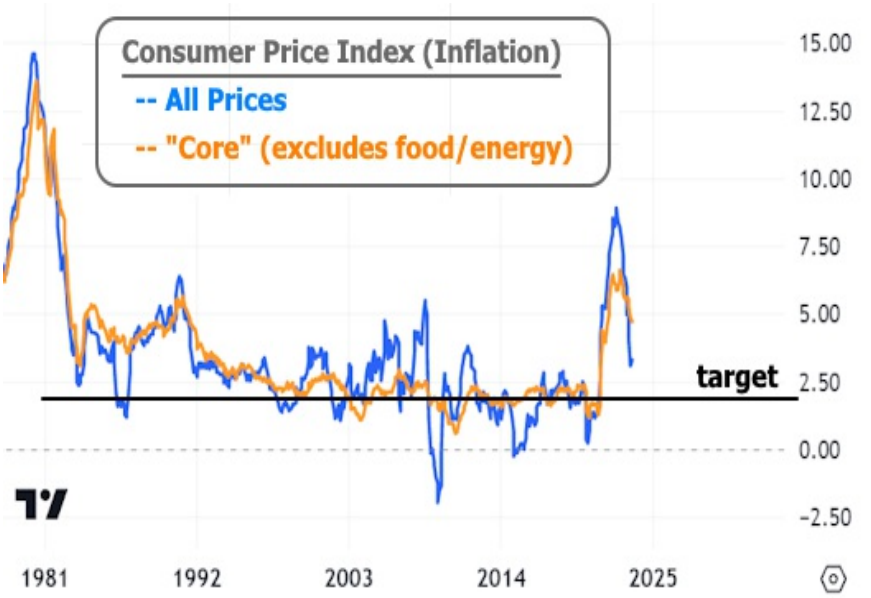
The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/aspire-mortgage-solutions

found other things to worry about. The following chart of 10yr Treasury yields serves as a benchmark for this week's rate movement (starting with last Friday's jobs report).



If we take the 10yr yield's word for it, rates are thinking less about inflation and more about other things. Part of the reason is that inflation still has to prove it can maintain this trajectory. Annual numbers remain far from target levels, especially at the core level.

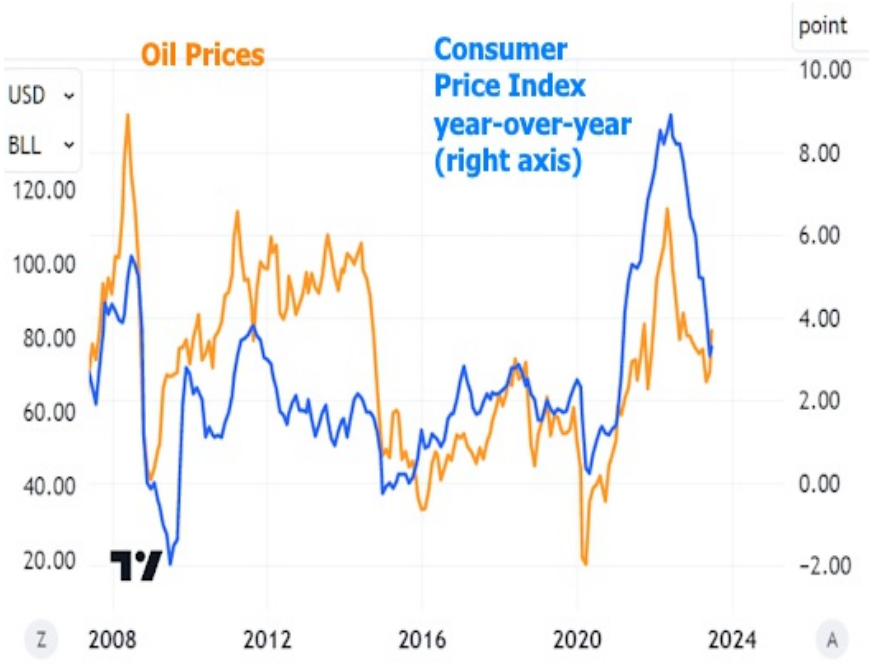


The recent rise in oil prices has some economists thinking that the next few inflation reports might not result in the same easy victory. Oil doesn't always dictate day to day changes in the rate market, but there's no question about its broad correlation with inflation (note: correlation isn't necessarily causality, as can easily be seen amid rising oil prices and falling inflation between 2011 and 2014).

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/aspire-mortgage-solutions



If we take a bigger step back to examine the longer term trends in rates, we can see that the market was more willing to head toward lower levels between late 2022 and May 2023. Since then, rates have trended higher with a purpose and, notably, **without** paying much attention to tamer inflation data.



One hugely underappreciated factor in the summertime rate saga is the role of banking sector fears. Up until March of 2023, there was really no discernible progress toward lower rates. Bank failures led to an immediate drop and rates have only slowly been inching back toward previous levels.

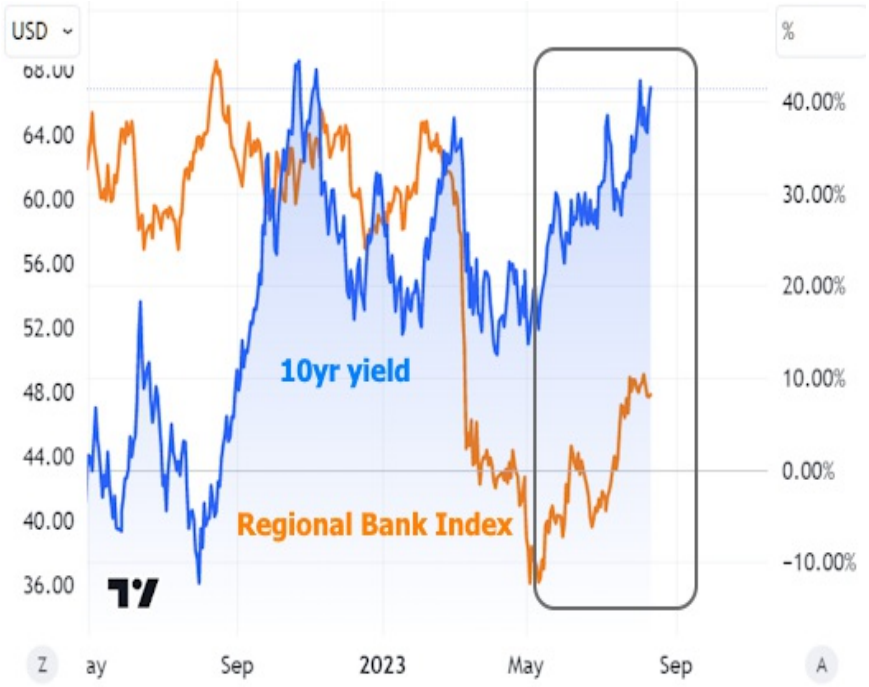
© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/aspire-mortgage-solutions



The regional bank stock index bottomed and bounced at the same time rates abandoned their attempts to continue moving lower.



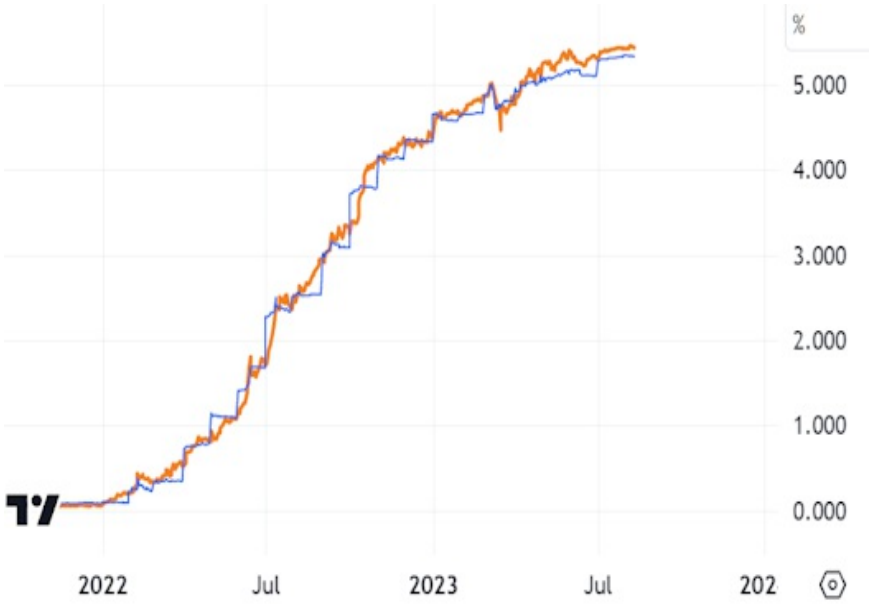
Longer term rates have also had to consider that they are increasingly responsible for the brunt of the bond market's response to economic data and Fed policy. This is an esoteric concept, but it has to do with the fact that bonds exist with varying levels of duration (aka life spans) and that shorter duration bonds have a slightly different set of concerns than longer term bonds.

For instance, the shortest terms bonds are almost perfectly correlated with expectations for the Fed Funds Rate. Here's a chart of the market's short term Fed rate expectations and 6-month US Treasuries.

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/aspire-mortgage-solutions



Same chart, same time frame, but 6 month Treasuries are replaced with 10yr Treasuries:



The phenomenon here is that shorter-term rates have had to go much higher due to the Fed's aggressive rate hike campaign, but longer term rates "believe" the Fed will succeed in lowering inflation and crimping economic growth. Longer term rates believed that shorter term rates would eventually come back down such that the average over 10 years would be much lower than current short term rates.

But now that the Fed is talking about holding its policy rate steady, we are no longer seeing as much of an adjustment in short term rates. Instead, the adjustments that arise due to economic data and other motivations are playing out in longer-term rates. This doesn't mean short-term bonds like 2yr Treasuries aren't moving. They just aren't moving as much as the 10yr and they're less willing to spike to higher levels.

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/aspire-mortgage-solutions



Looked at another way, the Fed's unlikely plan of engineering a "soft landing" for the economy by hiking rates abruptly enough to defeat inflation, but not as abruptly as seen in the 1980s (in order to avoid the associated economic pain) appears to be working. To whatever extent that continues to be the case, longer-term rates must continue to adjust for a comparatively better economic outlook than they'd been expecting. They are also adjusting for the reality of lower revenues and higher debt issuance from the Federal government--a supply/demand scenario that has certainly added to upward pressure on rates recently (and potentially exacerbated by new of additional spending needs related to Ukraine and the wildfires in Hawaii).

Last but not least, in case it needs to be clarified, mortgage rates fall into the "longer-term" category and have been walking a similar path to longer-term Treasuries--albeit at higher outright levels.

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/aspire-mortgage-solutions



This is the new and persistent reality until one of 3 things happens:

1. Annual core inflation makes it back near 2%
2. The economy starts showing more serious signs of stress (or actual signs of recession)
3. Something completely unprecedented and unexpected results in the U.S. government taking in higher revenue and spending less money

Subscribe to my newsletter online at: http://housingnewsletters.com/aspire-mortgage-solutions

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Aug 07				
3:00PM	Jun Consumer credit (bl)	$17.85B	$13B	$9.45B
Tuesday, Aug 08				
6:00AM	Jul NFIB Business Optimism Index	91.9	90.6	91
8:30AM	Jun Trade Gap (bl)	$-65.5B	$-65B	$-68.3B
10:00AM	Aug IBD economic optimism	40.3	43	41.3
10:00AM	Jun Wholesale inventories mm (%)	-0.5%	-0.3%	-0.4%
1:00PM	3-Yr Note Auction (bl)	42		
Wednesday, Aug 09				

Event Importance:

No Stars = Insignificant
☆ Low
★ Moderate
★★ Important
★★ Very Important

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/aspire-mortgage-solutions

Date	Event	Actual	Forecast	Prior
7:00AM	Aug/04 MBA Purchase Index	149.9		154.1
7:00AM	Aug/04 MBA Refi Index	416.1		433.6
1:00PM	10-Year Note Auction			3.857%
Thursday, Aug 10				
8:30AM	Aug/05 Jobless Claims (k)	248K	230K	227K
8:30AM	Jul m/m CORE CPI (%)	0.2%	0.2%	0.2%
8:30AM	Jul y/y CORE CPI (%)	4.7%	4.8%	4.8%
8:30AM	Jul m/m Headline CPI (%)	0.2%	0.2%	0.2%
8:30AM	Jul y/y Headline CPI (%)	3.2%	3.3%	3%
1:00PM	30-Year Bond Auction			3.910%
Friday, Aug 11				
8:30AM	Jul Core Producer Prices MM (%)	0.3%	0.2%	-0.1%
8:30AM	Jul Core Producer Prices YY (%)	2.4%	2.3%	2.4%
10:00AM	Aug Consumer Sentiment (ip)	71.2	71	71.6
10:00AM	Aug Sentiment: 1y Inflation (%)	3.3%		3.4%
10:00AM	Aug Sentiment: 5y Inflation (%)	2.9%		3%
Tuesday, Aug 15				
8:30AM	Jul Retail Sales (%)	0.7%	0.4%	0.3%
8:30AM	Jul Import prices mm (%)	0.4%	0.2%	-0.1%
8:30AM	Jul Export prices mm (%)	0.7%	0.2%	-0.7%
8:30AM	Aug NY Fed Manufacturing	-19	-1	1.1
10:00AM	Aug NAHB housing market indx	50	56	56
10:00AM	Jun Business Inventories (%)	0%	0.1%	0%
Wednesday, Aug 16				
7:00AM	Aug/11 MBA Purchase Index	149.5		149.9
7:00AM	Aug/11 MBA Refi Index	408.4		416.1
8:30AM	Jul House starts mm: change (%)	3.9%		-11.7%
8:30AM	Jul Build permits: change mm (%)	0.1%		-3.7%
8:30AM	Jul Building permits: number (ml)	1.442M	1.463M	1.441M
8:30AM	Jul Housing starts number mm (ml)	1.452M	1.448M	1.398M
9:15AM	Jul Industrial Production (%)	1%	0.3%	-0.8%
Thursday, Aug 17				
8:30AM	Aug Philly Fed Business Index	12	-10	-13.5
8:30AM	Aug/12 Jobless Claims (k)	239K	240K	250K

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/aspire-mortgage-solutions

The Solution to Aspire

From the Founders:

Aspire Mortgage Solutions was founded in 2023 with the main focus of Aspiring people. The vast majority of the business world is driven by making as much money as possible. However, we at Aspire Mortgage Solutions believe that there is much more to life than profit. This passion is why we are committed to being the best possible solution, and we will accomplish this by putting your dreams and goals first. We want to come alongside you and use our expertise in products and mortgage solutions to make sure that you are equipped with the best tools to help you achieve your financial goals. No matter what story you are writing, whether it's your first house, dream house, or building wealth, we want to be the experts that help you aspire to reach your dreams.

- Steve & Zach

Stephen Heston

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/aspire-mortgage-solutions