

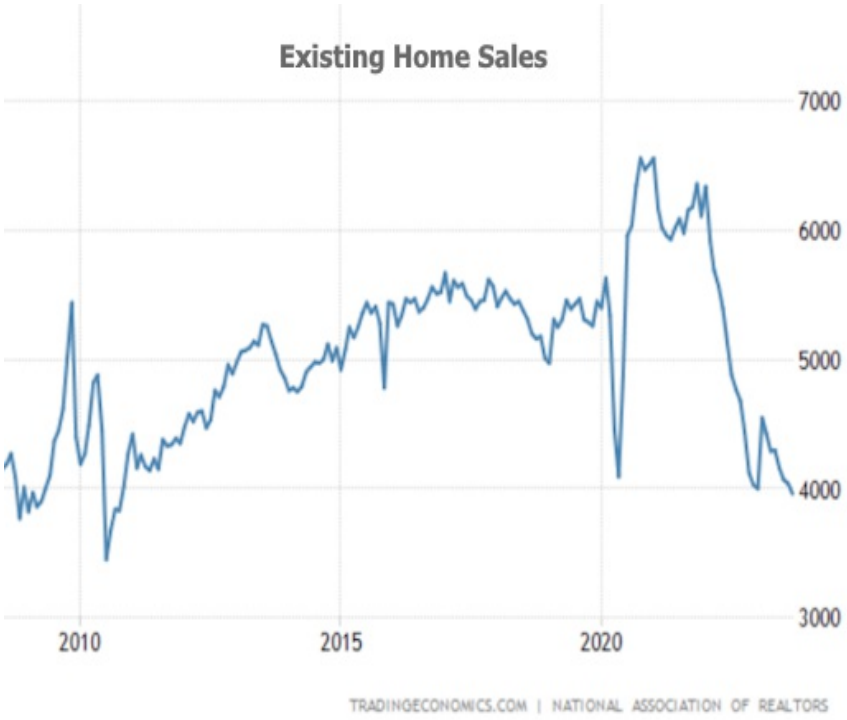
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Doom, Gloom, Kool Aid, And Warm Porridge

Mortgage rates finally broke the 8% ceiling this week after months of gradual upward movement in the 7% range. At the same time, Existing Home Sales fell to the lowest levels in more than a decade. Pretty gloomy... but there are silver linings and perhaps even some overly optimistic Kool Aid to drink. As always, we'll try to focus on the warm bowl of porridge in the middle.

It's very true. The following charts of home sales and interest rates are not great.



National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.22%	-0.08	0.00
15YR Fixed	6.85%	-0.06	0.00
30YR FHA	6.89%	-0.06	0.00
30YR Jumbo	7.40%	-0.05	0.00
7/6 SOFR	6.73%	+0.02	0.00
30YR VA	6.90%	-0.07	0.00

Rates as of: 11/4

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	100.17	-0.03
10 YR Treasury	4.8870	+0.0016
30 YR Treasury	5.2666	-0.0133

Pricing as of: 11/5 7:12AM EST

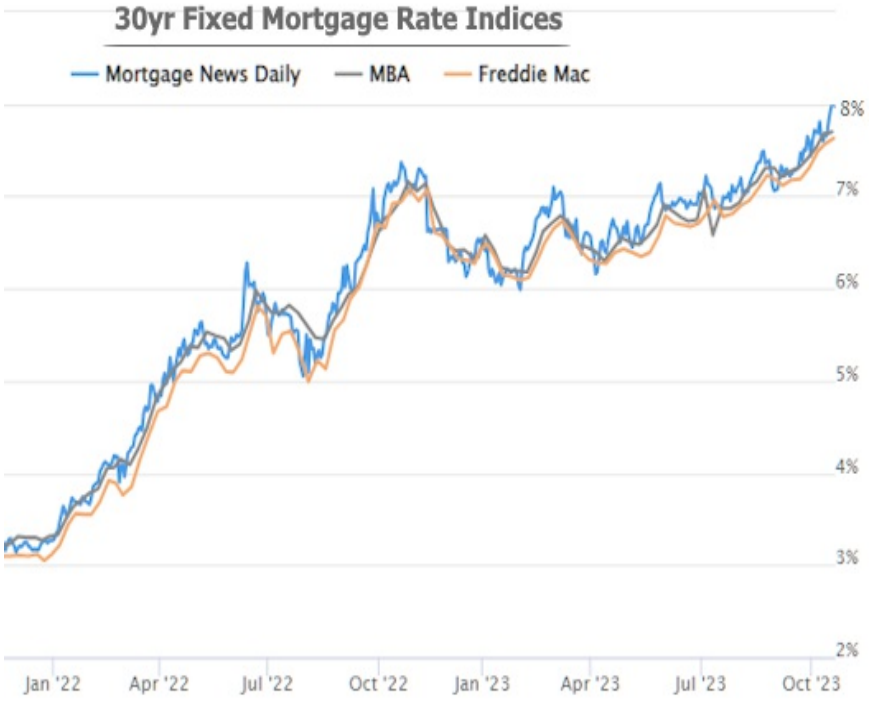
Recent Housing Data

		Value	Change
Mortgage Apps	Oct 21	195	+3.39%
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%

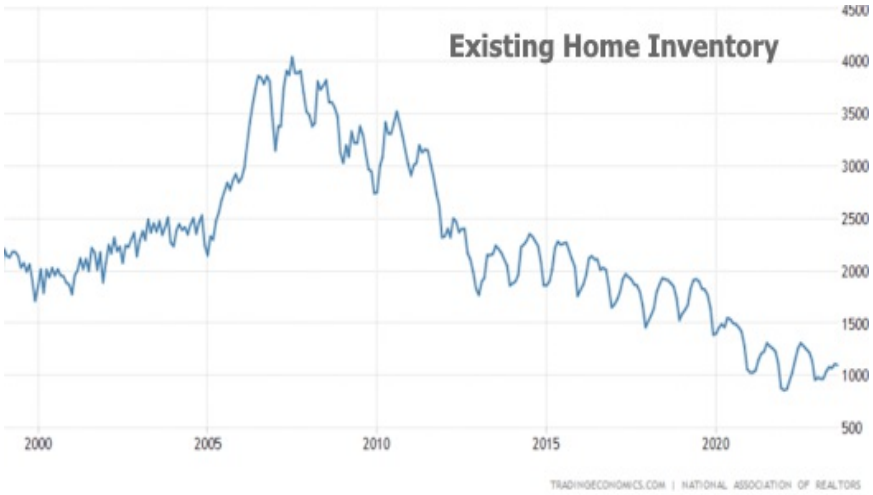
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But unlike the last time home sales were this low, we're in the midst of a supply shortage as opposed to a glut.

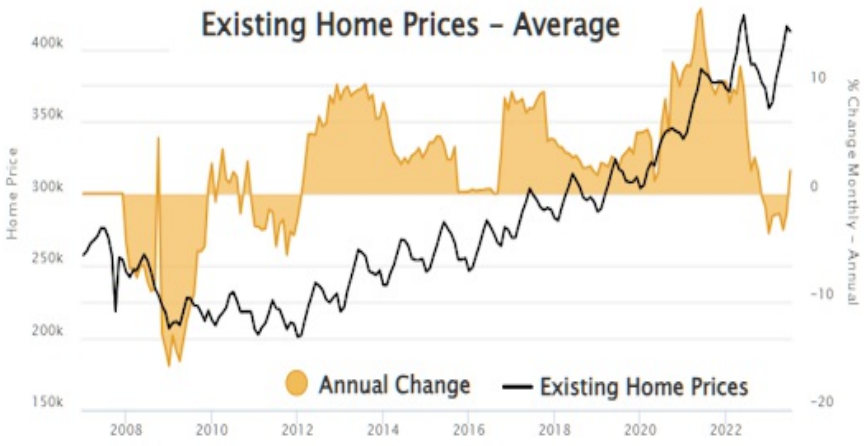


That has allowed the housing market to be much more resilient in terms of home prices. In year-over-year terms, prices are already back in positive territory.

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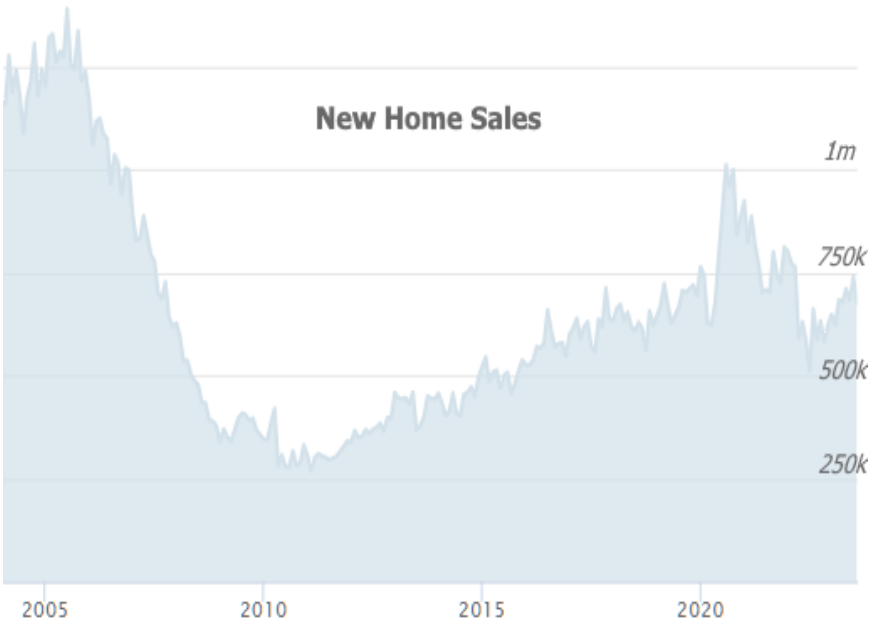
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We can also consider that the charts above pertain to EXISTING home sales, where the inventory depends on homeowners wanting or needing to sell. With many of those homeowners still paying the 2-3% mortgage rates obtained 2020-21, the reluctance to give that up in favor of a 7-8% rate is no surprise.

That's why the charts look much better when they focus on new home sales, which are nowhere near their 2010 levels. In fact, they've been trending higher and are currently in line with pre-pandemic levels.

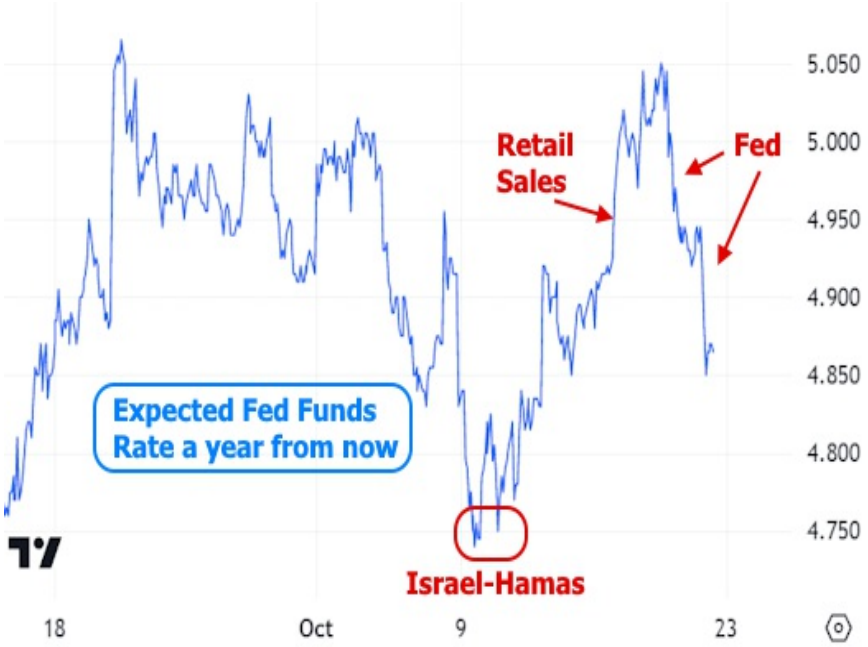


For those who want to take silver linings into potential "Kool Aid" territory, we could start to look at things like the balance of recent Fed comments which suggest the Fed is done hiking rates unless inflation flares up in an unexpected way. Just this week, that sentiment helped turn the tide after this week's strong Retail Sales sent Fed rate expectations quickly higher on Tuesday. By the end of the week, the market saw next year's Fed Funds Rate about a quarter of a point lower.

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That has some market participants declaring that the big shift in rates has arrived.



Ceiling sentiment gained some momentum after several supportive bounces in 10yr Treasury yields on Thursday and Friday just under 5%. Many investors have been saying 5% is an important psychological level and an attractive entry point for bond buyers (buying pushes yields lower). If investors are putting their money where their mouths are, it would line up with these sorts of bounces.

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The proverbial "warm bowl of porridge" is somewhere between the gloom and the hope. It usually is. It's also impossible to perfectly define in terms of scope and timing. There are scenarios that could indeed result in rates moving gradually lower from here. Or the big shift might not happen for months. Some say it is overdue already. Others say "wait for 2025!"

There are ways to make cases for both outcomes, but the actual outcome will be driven by economic data. The good news there is that the Fed expects a certain measure of resilience in the data. They won't freak out if unemployment remains under 4% or GDP rises above 4%. As long as inflation continues to moderate and the economy doesn't accelerate at an unsustainable level, they're pretty sure they're done hiking rates.

That doesn't mean the Fed is done with "restrictive" policies, just that the restriction will now come in the form of a ticking clock. In other words, the question is less about additional rate hikes and more about how long we spend at current rates. Markets tend to push consumer rates lower before the Fed officially cuts, but there again, the market would only do that if it saw data that was likely to lead the Fed to similar conclusions.

After an active slate of Fed speakers over the past 2 weeks, we now enter the scheduled blackout period which precedes every Fed rate announcement. The next announcement is on November 1st. The Fed is not expected to hike, but markets will be attuned to any verbiage changes in the statement.

In the meantime, the upcoming week of data is not as critical as the following week will be. We're especially focused on the jobs report due out on Friday, November 3rd. If it reiterates the uncanny strength of the previous report, Team Gloom will score some points. But if it paints a much more moderate picture, the Kool Aid will be looking safer and safer to drink.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Oct 17				

Event Importance:

No Stars = Insignificant
☆ Low

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Date	Event	Actual	Forecast	Prior
8:30AM	Sep Retail Sales (%)	0.7%	0.3%	0.6%
9:15AM	Sep Industrial Production (%)	0.3%	0%	0.4%
10:00AM	Oct NAHB housing market indx	40	44	45
Wednesday, Oct 18				
7:00AM	Oct/13 MBA Purchase Index	129.8		137.5
7:00AM	Oct/13 MBA Refi Index	347.6		385.8
8:30AM	Sep Housing starts number mm (ml)	1.358M	1.38M	1.283M
8:30AM	Sep Building permits: number (ml)	1.473M	1.45M	1.541M
Thursday, Oct 19				
8:30AM	Oct Philly Fed Business Index	-9	-6.4	-13.5
8:30AM	Oct/14 Jobless Claims (k)	198K	212K	209K
8:30AM	Oct/07 Continued Claims (ml)	1734K	1710K	1702K
10:00AM	Sep Existing home sales (ml)	3.96M	3.89M	4.04M
12:00PM	Fed Chair Powell Speech			
Tuesday, Oct 24				
9:45AM	Oct S&P Global Services PMI	50.9	49.8	50.1
Wednesday, Oct 25				
10:00AM	Sep New Home Sales (ml)	0.759M	0.68M	0.675M
Thursday, Oct 26				
8:30AM	Sep Wholesale inventories mm (%)	0%		-0.1%
8:30AM	Sep Durable goods (%)	4.7%	1.7%	0.2%
8:30AM	Q3 GDP (%)	4.9%	4.3%	2.1%
8:30AM	Oct/21 Jobless Claims (k)	210K	208K	198K
10:00AM	Sep Pending Home Sales (%)	1.1%	-1.8%	-7.1%
Friday, Oct 27				
8:30AM	Sep Core PCE (m/m) (%)	0.3%	0.3%	0.1%
8:30AM	Sep Core PCE Inflation (y/y) (%)	3.7%	3.7%	3.9%
10:00AM	Oct Consumer Sentiment (ip)	63.8	63	68.1

Moderate
Important
Very Important

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About Me

I'm the Founder & CEO of World Home Loans, a mission-driven mortgage brokerage built with one purpose: to give consumers, especially Veterans, the respect, speed, and savings they deserve when financing a home.

Over the past 2 years, I've personally closed over 600 VA purchase loans and personally funded more than $375M in the past 12 months. Along the way, I learned that America's Veterans are too often underserved by big-box lenders—facing higher rates, slower closings, and a lack of genuine care. That's why I built World Home Loans.

Our Mission:
• To serve our Veterans by offering ultra-low mortgage rates and closing costs.
• To empower Veterans with the knowledge and resources needed to make informed home financing decisions.
• To stand against and eliminate the widespread overcharging of Veterans that has persisted in the mortgage industry for decades.

At World Home Loans, we back this mission with execution:
Faster closings (our average is 18 days)
Better pricing (consistently beating national averages)
White-glove experience that earns 5-star reviews at scale
A platform where top producers can 2–3X their volume through efficiency, brand power, and unmatched VA expertise.

With "Victory on the Home Front" as our rallying cry, World Home Loans is on course to become the dominant VA-focused lender in the country.

Alongside building WHL, I'm writing my book The Efficient Closer: Building a Mortgage Empire with Precision and Purpose—a playbook for originators who want to scale with speed, systems, and execution.

Brian Cooke 

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