

Brian Cooke
President & CEO, World Home Loans
NMLS # 17866
300 Spectrum Center Drive Ste 400-476 Irvine, CA 92618

Office: 650-678-0283
Mobile: 650-678-0283
bcooke@worldhomeloans.com
View My Website

Mortgage Rates Jump Higher After Fed Rate Cut. Confused? Don't Be...

Mortgage rates surged HIGHER after this week's Fed rate cut--a seemingly paradoxical move that has exposed widespread confusion about the nature of mortgage rate movement. Let's clear it up!

SHORT VERSION:

- The Fed Funds Rate (the thing the Fed cut this week) doesn't dictate mortgage rates
- The Fed Funds Rate only changes on Fed announcement days, 8 times a year. It changes in response to various economic reports and events.
- Mortgage rates change daily and the bonds that drive mortgage rates change in real-time throughout the day. That means mortgage rates can drop for all the same reasons that drove this week's rate cut.
- Because those reasons were already in play well before Fed day, mortgage rates had already responded to them well before Fed day.
- Bottom line: the Fed Funds Rate and mortgage rates dropped for the same reasons, but mortgage rates got to do it sooner because they move more nimbly.

LONG VERSION:

- There is actually a dedicated primer for this topic: No, The Fed Hike/Cut Doesn't Mean Anything For Mortgage Rates

SPECIAL NOTE REGARDING NEWS STORIES SAYING RATES ARE LOWER THIS WEEK:

There were an unfortunate number of news articles out on Thursday claiming that mortgage rates were LOWER this week. This is due to Freddie Mac's weekly rate survey dropping to 6.26 from 6.35. Freddie's rate is an average of the rates on Thursday through Wednesday, reported the following day. In other words, 4 out of 5 days in this week's survey were BEFORE Fed day, and those days also happened to have the lowest rates in a long time.

As such, we can certainly accept that the average rate of those 5 weekdays was lower than the average rate of the previous 5 weekdays. Unfortunately, news organizations quote the survey when it comes out on Thursday, mistakenly giving the impression that this week's rates are still lower than last week's--even if they've already bounced much higher, as was the case this week.

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	100.16	-0.04
10 YR Treasury	4.8895	+0.0041
30 YR Treasury	5.2687	-0.0112

Pricing as of: 11/5 7:09AM 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%

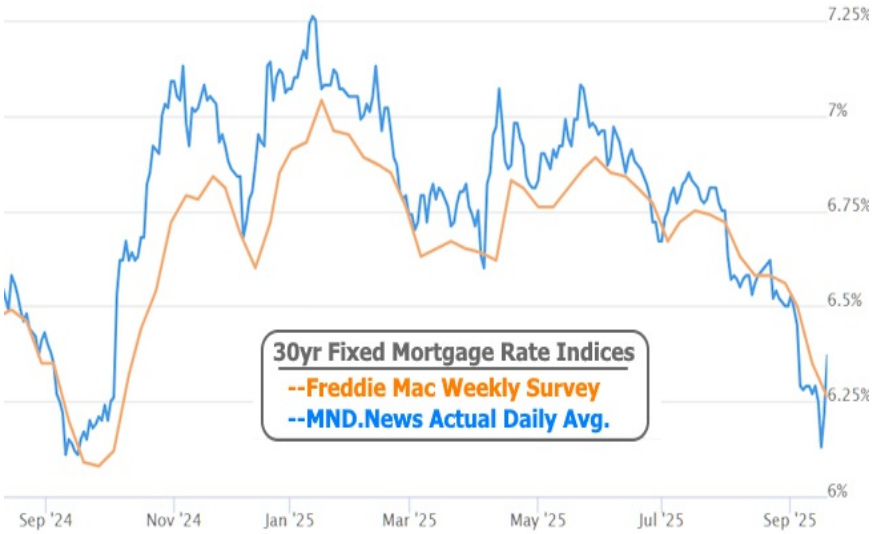
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BOTTOM LINE:

If we remove the 8 days before Fed day from the equation, mortgage rates would still be at the lowest levels in 11 months. But they are currently unequivocally higher than the rates from that 8 day window, with Wednesday and Thursday's combined move being especially sharp.



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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Sep 15				
8:30AM	Sep NY Fed Manufacturing	-8.70	5	11.90
Tuesday, Sep 16				
8:30AM	Aug Retail Sales (%)	0.6%	0.2%	0.5%
8:30AM	Aug Import prices mm (%)	0.3%	-0.1%	0.4%
9:15AM	Aug Industrial Production (%)	0.1%	-0.1%	-0.1%
10:00AM	Jul Business Inventories (%)	0.2%	0.2%	0.2%
10:00AM	Sep NAHB housing market indx	32	33	32
Wednesday, Sep 17				
7:00AM	Sep/12 MBA Purchase Index	174.0		169.1
7:00AM	Sep/12 MBA Refi Index	1596.7		1012.4
8:30AM	Aug Housing starts number mm (ml)	1.307M	1.37M	1.428M
8:30AM	Aug Building Permits (ml)	1.312M	1.37M	1.362M
2:00PM	Fed Interest Rate Decision	4.25%	4.25%	4.5%
2:00PM	FOMC Economic Projections			
2:30PM	Fed Press Conference			
Thursday, Sep 18				

Event Importance:

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

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Date	Event	Actual	Forecast	Prior
8:30AM	Sep/13 Jobless Claims (k)	231K	240K	263K
8:30AM	Sep/06 Continued Claims (k)	1920K	1950K	1939K
8:30AM	Sep Philly Fed Business Index	23.2	2.3	-0.3
8:30AM	Sep Philly Fed Prices Paid	46.80		66.80
Tuesday, Sep 23				
9:45AM	Sep S&P Global Services PMI		54	54.5
9:45AM	Sep S&P Global Manuf. PMI		52	53.0
Wednesday, Sep 24				
10:00AM	Aug New Home Sales (ml)		0.65M	0.652M
Thursday, Sep 25				
8:30AM	Q2 GDP (%)		3.3%	-0.5%
8:30AM	Aug Durable goods (%)		-0.5%	-2.8%
8:30AM	Sep/20 Jobless Claims (k)		235K	231K
10:00AM	Aug Existing home sales (ml)		3.96M	4.01M
Friday, Sep 26				
8:30AM	Aug Core PCE (m/m) (%)		0.2%	0.3%
8:30AM	Aug Core PCE Inflation (y/y) (%)		2.9%	2.9%
10:00AM	Sep Consumer Sentiment (ip)		55.4	58.2

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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.

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