Black Diamond
Mortgage Professionals, Black Diamond Mortgage Corporation
NMLS 209137
307 Spokane Ave, Suite 103 Whitefish, MT 59937

Office: 4068624999
david@blackdiamondmortgage.com
View My Website

Housing Implications of Fed's March Rate Hike

Both for the housing market and interest rates, this week stood in **stark contrast** to the previous week. Whereas rates had been at the lower edge of their recent range, they're now near the top. Whereas last week's housing data showed great promise, one of this week's reports may raise serious doubts.

The report in question is the National Association of Realtors (NAR) Pending Home Sales Index. This is a bit of an advance indicator when compared to last week's New and Existing Home Sales data. Contracts are counted in the pending sales figures, meaning that it tends to lead the other reports by about a month. In other words, the following chart is more timely than last week's. Unfortunately, it **doesn't look nearly as upbeat.**



National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.42%	+0.12	0.00
15YR Fixed	7.00%	+0.08	0.00
30YR FHA	7.00%	+0.11	0.00
30YR Jumbo	7.46%	+0.06	0.00
7/6 SOFR	7.05%	+0.25	0.00
30YR VA	7.01%	+0.11	0.00

Rates as of: 11/12

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.72	-0.05
10 YR Treasury	5.1494	+0.0198
30 YR Treasury	5.4785	+0.0237

Pricing as of: 11/13 9:04AM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 28	192.6	-1.23%
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/blackdiamondmortgage

As the chart suggests, a case could be made that the Pending Homes Index tends to top out in the vicinity of 110.0 in the post-meltdown era. If we consider that the levels of demand achieved during the housing boom were potentially unhealthy, it's only natural to ask if the recent highs are about as high as we're going to go. NAR doesn't quite see it that way. Instead, demand is outstanding, according to chief economist Lawrence Yun, and it's **the "significant shortage of listings"** that's holding housing back.

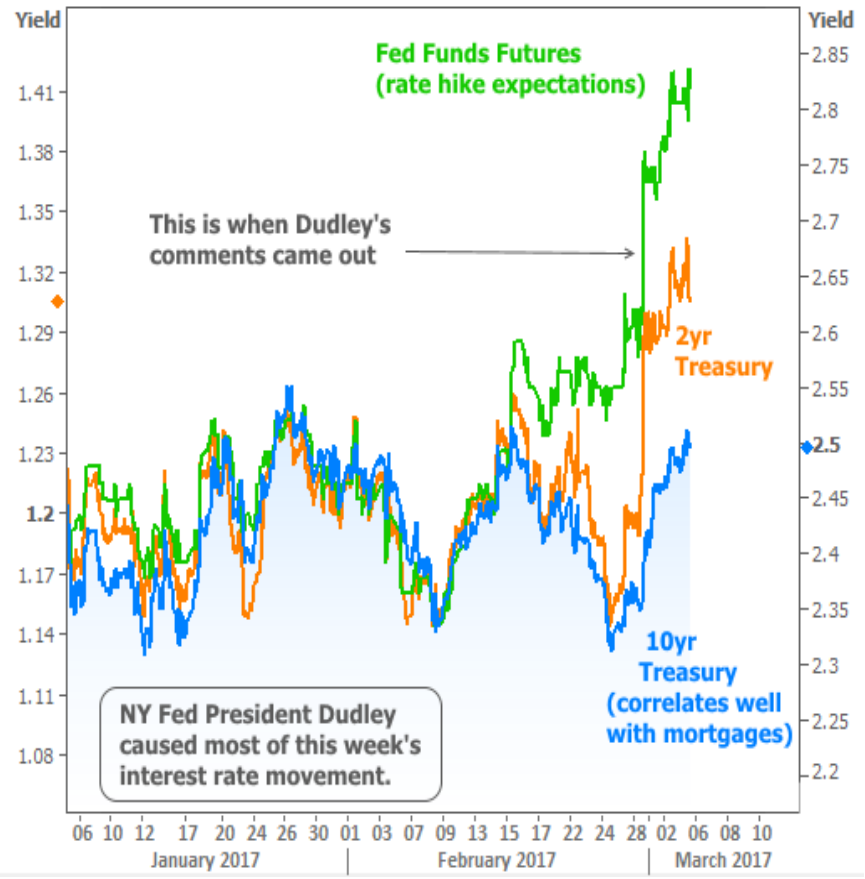
Yun also points out that **affordability is an issue**. While high demand is hurting affordability by driving prices higher, the recent mortgage rate landscape is making it harder for prospective buyers to afford the payments. Eventually, some combination of these increasing costs will noticeably stem the tide of demand, but we're not there yet.

The Fed did their part to drive rates higher this week. In fact, by Friday, Fed Vice Chair Stanley Fischer flat-out **admitted** that recent Fed speeches suggest a **conscious effort** to convince markets that a Fed rate hike is likely in March.

If there was one event that exemplified those efforts, it was a series of comments from NY Fed President Bill Dudley on Tuesday afternoon. Dudley's words are worth more than most any Fed member (apart from Yellen and Fischer). He's considered one of the "big three" when it comes to guiding policy decisions.

We don't hear from Dudley as much as several other Fed speakers, and the last time we did, he didn't speak assumptively about hiking rates. Tuesday was a **different story**. Dudley said the case for tightening monetary policy is now a lot more compelling and that a rate hike is likely in the "relatively near future."

Here's how markets reacted to that, both in terms of Treasury yields and Fed Funds Futures (financial instruments that track Fed rate hike expectations).



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

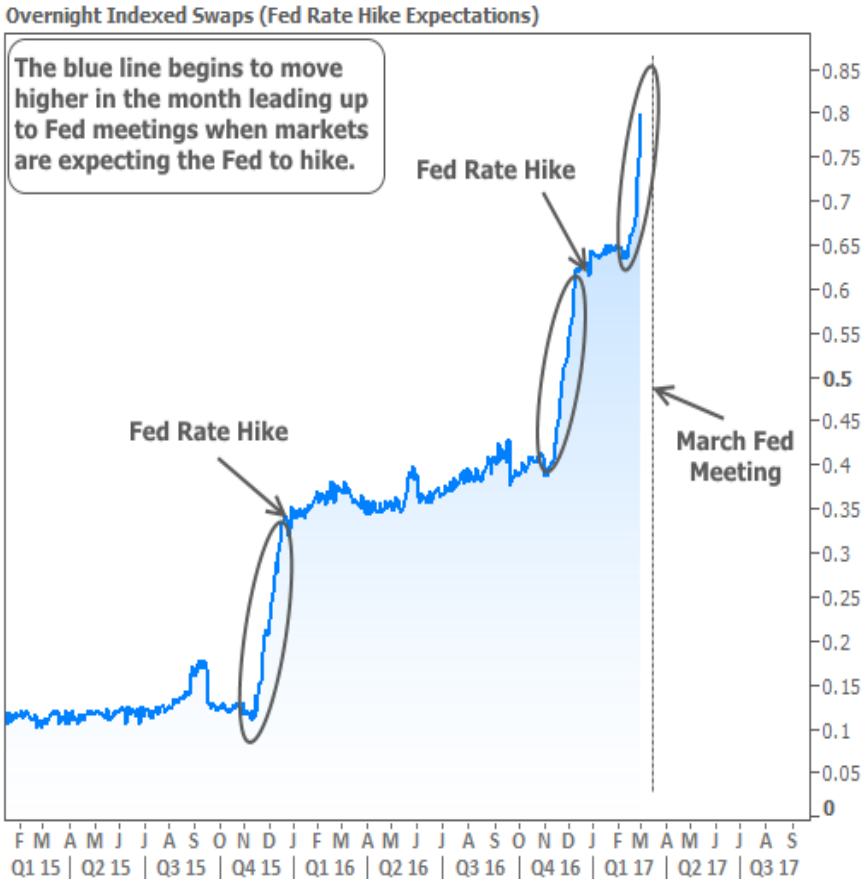
The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial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

Read or subscribe to my newsletter online at: http://housingnewsletters.com/blackdiamondmortgage

With that, the week was **essentially over** for rates. Their goose was cooked! Rates drifted moderately higher on each of the next 3 days. So potent were Dudley's comments that bond markets **didn't** even react on Friday when Yellen **reiterated** the likelihood of a March rate hike.

So is this the **real deal?** Or is the green line in the chart above akin to a long-shot sports bet? We can observe just how real the deal is by looking at a more sober and reliable indicator of Fed rate hike potential.

The next chart shows overnight indexed swaps (OIS). These essentially track big banks' expectations for overnight interest rates. The difference is that, unlike Fed Funds Futures, the OIS market **isn't speculative**. It's based on the rate of return that banks are actually willing to pay and receive on billions of dollars a day. When OIS starts moving higher, the "smart money" is saying a Fed rate hike is coming up soon.



This really **leaves no doubt**. OIS is on the same exact trajectory as it was in the month leading up to the last 2 hikes. It **wouldn't** be possible for financial markets to convey any higher probability at the moment and it would take some sort of massive, unforeseen shock for that to change.

The **nice thing** about such a high level of certainty is that it means there's not much about a March rate hike that is going to surprise the bond market (and thus rates). The biggest wild card will be the updated economic projections from Fed members. In fact, this is what caused the rate volatility after December's hike (after all, the chart above reminds us that the hike, itself, was obvious).

Whether or not that means rates will continue in the existing range remains to be seen. They've done a good job of that so far--especially in light of surge in stocks over the past few weeks.

© 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/blackdiamondmortgage



Some market participants think bond traders might be **waiting to capitalize** on a much-feared stock correction. In that sense, bonds could indeed benefit from money flooding out of the stock market. Bonds wouldn't be the exclusive beneficiary of that money, but past examples suggest it would be more than enough to keep rates under their recent ceiling.

Next week begins the Fed's "blackout period" (where they abstain from public comment on monetary policy). That means we won't see any more Fed-induced rate volatility and can instead focus on economic data and other scheduled events. Chief among these will be **Friday's Nonfarm Payrolls** data (aka "NFP," or simply, the "jobs report"), which is coming out a week later than normal due to the shorter calendar of business days in February.

Subscribe to my newsletter online at: http://housingnewsletters.com/blackdiamondmortgage

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Feb 27				
8:30AM	Jan Durable goods (%)	+1.8	1.8	-0.5
Tuesday, Feb 28				
8:30AM	Q4 GDP Prelim (%)	+1.9	2.1	1.9
9:00AM	Dec CaseShiller 20 yy (%)	+5.6	5.3	5.3
9:00AM	Dec CaseShiller 20 mm SA (%)	+0.9	0.7	0.9
9:45AM	Feb Chicago PMI	57.4	53.0	50.3
10:00AM	Feb Consumer confidence	114.8	111.0	111.8
Wednesday, Mar 01				

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/blackdiamondmortgage

Date	Event	Actual	Forecast	Prior
8:30AM	Jan Consumption, adjusted mm (%)	+0.2	0.3	0.5
8:30AM	Jan Personal income mm (%)	+0.4	0.3	0.3
8:30AM	Jan Core PCE price index yy (%)	+1.7		1.7
10:00AM	Feb ISM Manufacturing PMI	57.7	56.0	56.0
10:00AM	Jan Construction spending (%)	-1.0	0.6	-0.2
Thursday, Mar 02				
8:30AM	w/e Initial Jobless Claims (k)	223	236	244
Friday, Mar 03				
10:00AM	Feb ISM N-Mfg PMI	57.6	56.5	56.5
12:15PM	Fed's Powell			
12:30PM	Fed's Fischer			
1:00PM	Yellen Speech			
Tuesday, Mar 07				
8:30AM	Jan International trade mm $ (bl)	-48.5	-48.5	-44.3
1:00PM	3-Yr Note Auction (bl)	24		
3:00PM	Jan Consumer credit (bl)	+8.79	17.10	14.16
Wednesday, Mar 08				
7:00AM	w/e Mortgage Market Index	405.7		392.9
8:15AM	Feb ADP National Employment (k)	298.0	190	246
8:30AM	Q4 Productivity Revised (%)	+1.3	1.5	1.3
8:30AM	Q4 Labor Costs Revised (%)	+1.7	1.6	1.7
10:00AM	Jan Wholesale sales mm (%)	-0.1	0.5	2.6
10:00AM	Jan Wholesale inventories mm (%)	-0.2	-0.1	-0.1
Thursday, Mar 09				
8:30AM	Feb Import prices mm (%)	+0.2	0.1	0.4
8:30AM	Feb Export prices mm (%)	+0.3	0.2	0.1
Friday, Mar 10				
12:00AM	Roll Date - Fannie Mae 30YR, Freddie Mac 30YR			
8:30AM	Feb Non-farm payrolls (k)	+235	190	227
8:30AM	Feb Private Payrolls (k)	+227	193	237
8:30AM	Feb Unemployment rate mm (%)	4.7	4.7	4.8
Tuesday, Apr 11				
1:00PM	10-yr Note Auction (bl)	20		
Wednesday, Apr 12				
1:00PM	30-Yr Bond Auction (bl)	12		

© 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/blackdiamondmortgage

Enjoy your free mortgage news from Black Diamond Mortgage!

Visit us at www.blackdiamondmortgage.com for more information or contact us for the latest!

We have great videos on Youtube! https://www.youtube.com/channel/UCXrbRfaT4klHjX0P3ovelnA

Black Diamond 

© 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/blackdiamondmortgage