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# Lowest Rates Since October as Tariffs Spark Staggering Volatility

It was a great week for fans of chaos, volatility, and low interest rates as all 3 were delivered in spades. Despite the presence of several big ticket economic reports, the catalyst was Wednesday afternoon's tariff announcement followed by the international response on Thursday night.

For the most part, the market has been responding to tariff news by selling stocks and buying bonds. Because mortgage rates are based on bonds and because rates fall when demand for bonds increases, this has also meant lower mortgage rates. A common market jargon term for this phenomenon is "flight to safety."

It's not just US tariffs that made the news these week, even if they were the catalyst for what followed. Early Friday morning, China announced retaliatory tariffs on the U.S. thus making investors even more concerned about the global economy and further fueling the flight to safety. This can be seen in the following chart showing stock prices and bond yields (which correlate with mortgage rates).




## National Average Mortgage Rates




| Mortgage News Daily | Rate | Change | Points |
|---|---|---|---|
| 30YR Fixed | 7.50% | +0.08 | 0.00 |
| 15YR Fixed | 7.03% | +0.03 | 0.00 |
| 30YR FHA | 7.05% | +0.05 | 0.00 |
| 30YR Jumbo | 7.50% | +0.04 | 0.00 |
| 7/6 SOFR | 7.13% | +0.08 | 0.00 |
| 30YR VA | 7.07% | +0.06 | 0.00 |

Rates as of: 11/13

## MBS and Treasury

| | Price / Yield | Change |
|---|---|---|
| MBS UMBS 6.0 | 98.77 | +0.01 |
| 10 YR Treasury | 5.1260 | -0.0036 |
| 30 YR Treasury | 5.4543 | -0.0005 |

Pricing as of: 11/12 7:25PM 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% |

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To get a sense of how big of a deal this has been for markets this week, consider the S&P 500's most often-cited volatility metric, the VIX:

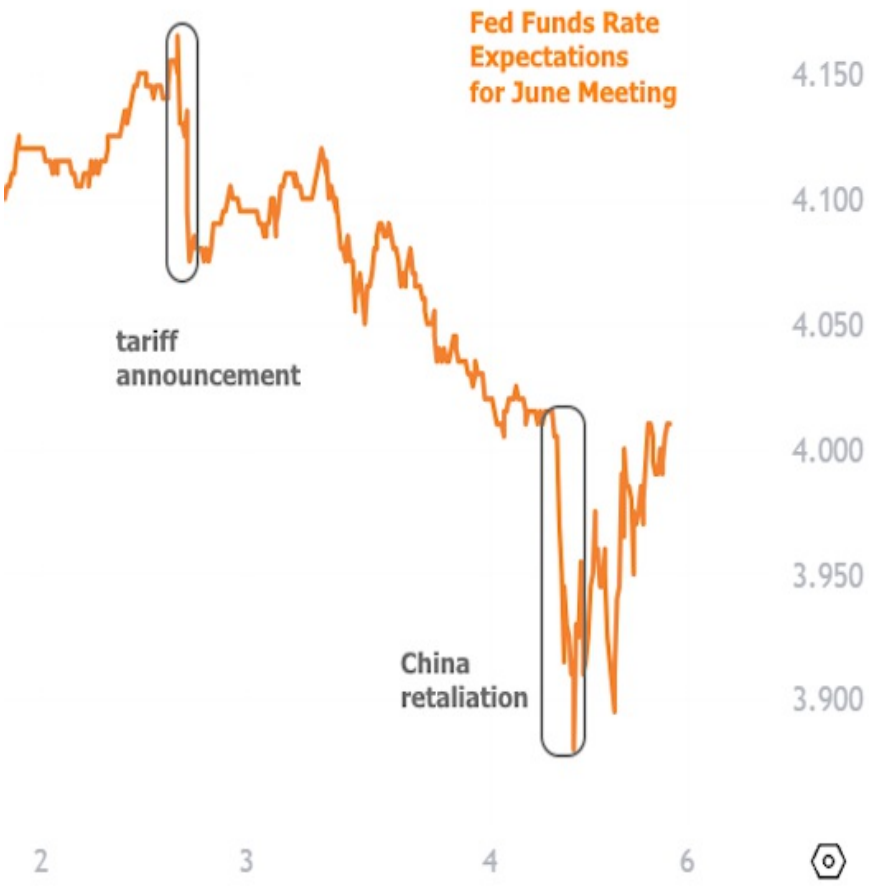



Part of the reaction in the interest rate market was based on the implication for Fed policy. Specifically, traders quickly began betting on a higher probability of deeper Fed rate cuts in 2025. That shift can be seen in the following chart of the market's expected Fed Funds Rate after the June meeting.

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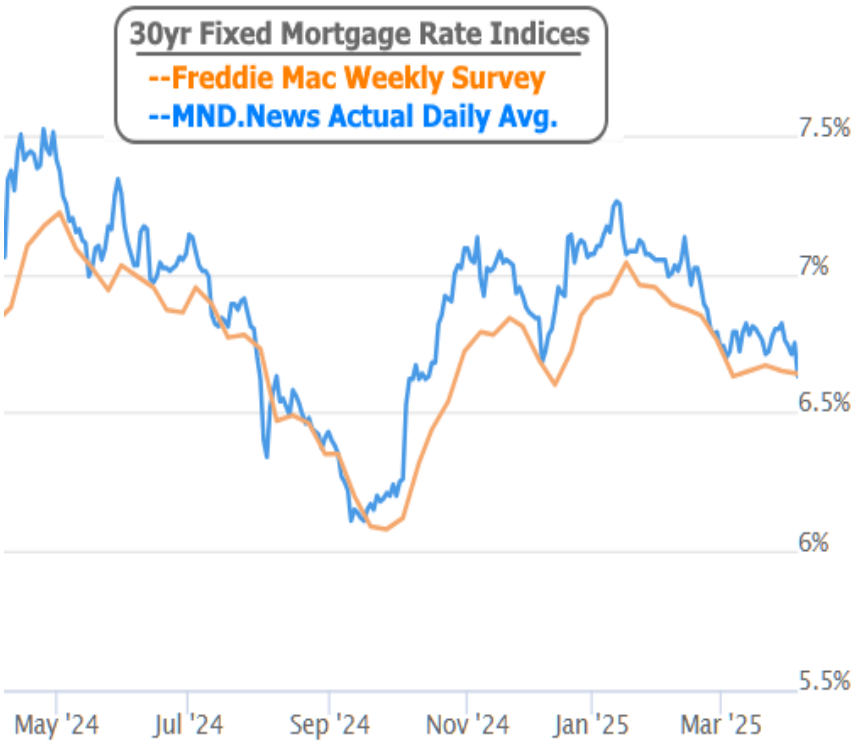



The chart above also helps us reconcile a frustrating Friday afternoon, in which interest rates started out much lower than they ended up. Even without this knowledge, the important thing to focus on is the bigger picture. The average daily mortgage rate just fell to its lowest level since early October, 2024, even after accounting for Friday afternoon's modest reversal.

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Given the precipitous nature of this market movement and the fact that tariffs can change far more quickly than the typical interest rate motivations, it goes without saying that long-term lows should not be taken for granted. While rates could remain here or even move lower under the right circumstances, there is also a risk of a rapid rebound.

Ultimately, though, it won't be tariffs that dictate longer-term rate momentum. It will be the actual economic fallout (or lack thereof). This week's volatility is just the market's way of letting us know that it's worried about tariffs' impact on the economy.

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## Recent Economic Data

| Date | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| **Tuesday, Apr 01** | | | | |
| 10:00AM | Mar ISM Mfg Prices Paid | 69.4 | 65 | 62.4 |
| 10:00AM | Mar ISM Manufacturing PMI | 49 | 49.5 | 50.3 |
| 10:00AM | Feb Construction spending (%) | 0.7% | 0.3% | -0.2% |
| 10:00AM | Feb USA JOLTS Job Openings | 7.568M | 7.63M | 7.74M |
| **Wednesday, Apr 02** | | | | |
| 7:00AM | Mar/28 MBA Refi Index | 710.4 | | 752.4 |
| 7:00AM | Mar/28 MBA Purchase Index | 158.2 | | 155.8 |
| 8:15AM | Mar ADP jobs (k) | 155K | 105K | 77K |
| 10:00AM | Feb Factory orders mm (%) | 0.6% | 0.5% | 1.7% |
| 4:00PM | Reciprocal Tariff Plan Announcement (%) | | | |
| **Thursday, Apr 03** | | | | |

## Event Importance:

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

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| Date | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| 7:30AM | Mar Challenger layoffs (k) | 275.24K | | 172.017K |
| 8:30AM | Mar/29 Jobless Claims (k) | 219K | 225K | 224K |
| 10:00AM | Mar ISM N-Mfg PMI | 50.8 | 53 | 53.5 |
| 10:00AM | Mar ISM Services Prices | 60.9 | | 62.6 |
| **Friday, Apr 04** | | | | |
| 8:30AM | Mar Non Farm Payrolls (k) | 228K | 135K | 151K |
| 8:30AM | Mar Unemployment rate mm (%) | 4.2% | 4.1% | 4.1% |
| **Wednesday, Apr 09** | | | | |
| 2:00PM | FOMC Minutes | | | |
| **Thursday, Apr 10** | | | | |
| 8:30AM | Mar m/m Headline CPI (%) | -0.1% | 0.1% | 0.2% |
| 8:30AM | Mar y/y CORE CPI (%) | 2.8% | 3% | 3.1% |
| 8:30AM | Mar m/m CORE CPI (%) | 0.1% | 0.3% | 0.2% |
| **Friday, Apr 11** | | | | |
| 8:30AM | Mar Core Producer Prices MM (%) | -0.1% | 0.3% | -0.1% |
| 8:30AM | Mar Core Producer Prices YY (%) | 3.3% | 3.6% | 3.4% |
| 10:00AM | Apr Consumer Sentiment (ip) | 50.8 | 54.5 | 57.0 |


## Could You Be Closer to Homeownership Than You Might Think?

CalTAP is California's leading home loan provider for teachers and public employees, offering no lender fees, a free rate float down, match-or-beat rate guarantee, and up to 3% cash-back with Listing California—delivering unmatched savings and support every step of the way.

CalTAP borrowers may receive up to $500 in appraisal-fee reimbursement at closing on qualifying purchase, refinance, or home equity loans. Use promo code CALTAP250. Offer ends 12/31/2026; eligibility, underwriting, and loan approval required.

**Joe Moore**



EQUAL HOUSING LENDER


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