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# Mortgage Rates Hit 10-Month Lows — Here's Why a Fed Cut Might Not Help

Inflation data was in focus this week, with one major report helping mortgage rates officially hit new 10-month lows before the 2nd report pushed back in the other direction.

The biggest report, Tuesday's Consumer Price Index (CPI), was generally friendly for rates despite coming in right in line with forecasts. Some categories showed tariff-related price pressures, but easing in housing costs kept the overall number from spiking. Markets initially cheered, and Fed rate cut expectations for September were effectively 100% by midweek.




## 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 | 98.69 | -0.07 |
| 10 YR Treasury | 5.1413 | +0.0117 |
| 30 YR Treasury | 5.4564 | +0.0016 |

Pricing as of: 11/13 5:59PM EST

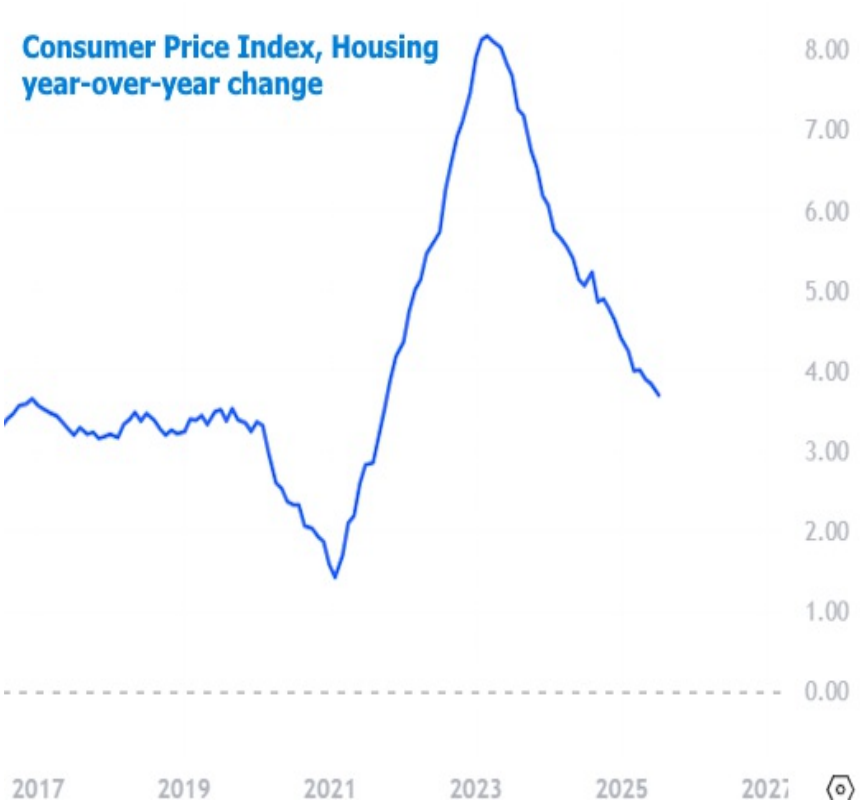
## Recent Housing Data

| | | 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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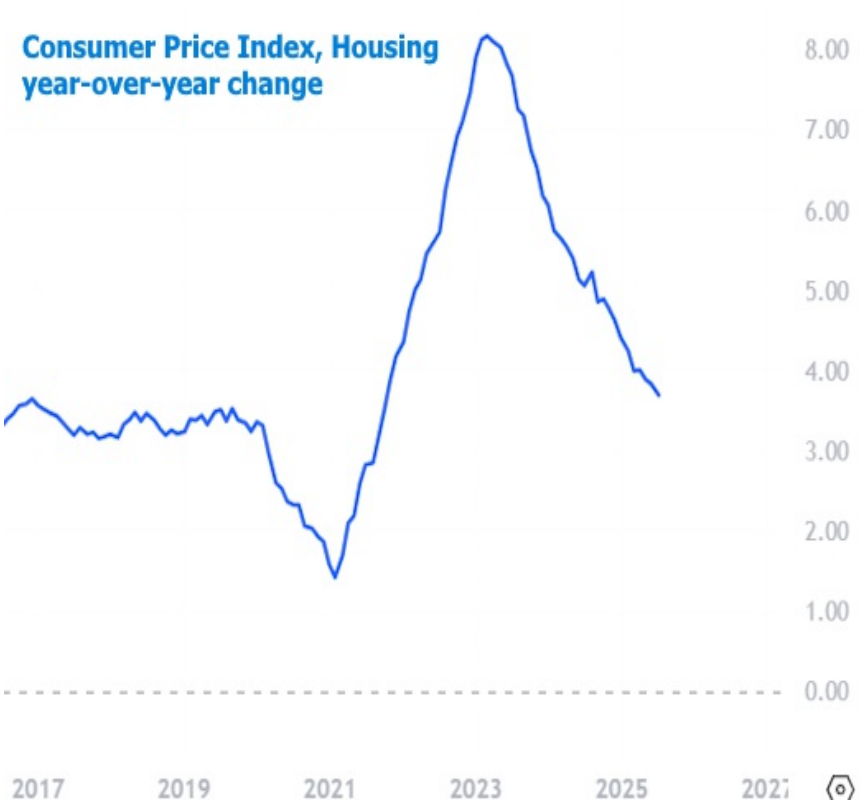

Wednesday offered a brief lull with no major reports, and rates managed to hold ground thanks to continued optimism on the Fed outlook.

Thursday's Producer Price Index (PPI), which measures inflation at the wholesale level, was a different story. It came in much hotter than expected and raised concerns that tariffs could push inflation higher in the months ahead. Damage was limited by the fact that some of the PPI components that overlap with PCE (yet another inflation report, to be released in 2 weeks, and also the Fed's preferred inflation gauge) were less alarming. Even so, PPI raised enough doubt to push bond yields — and the rates tied to them — higher by the afternoon.

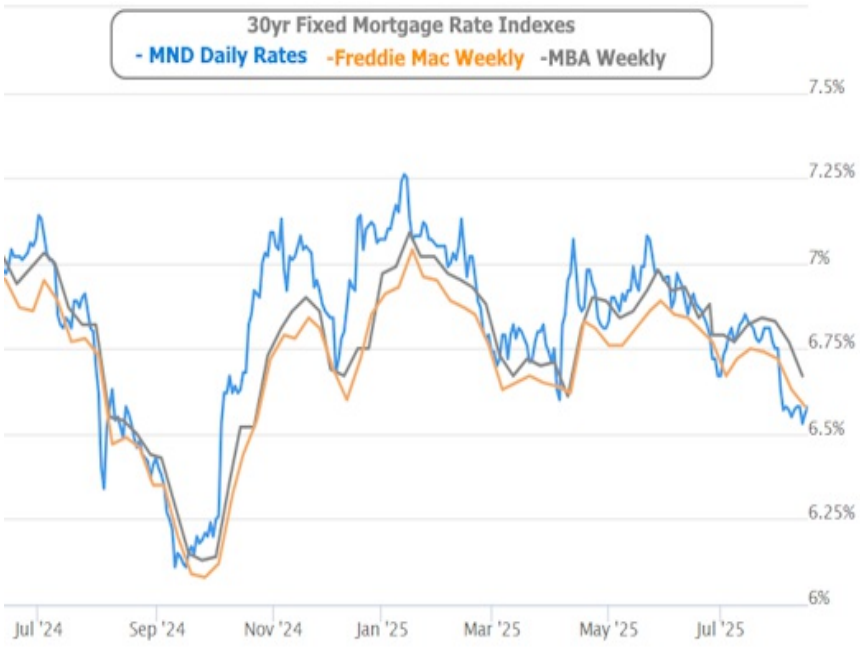
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Friday brought moderately stronger retail sales numbers. Bonds didn't react much at first, but as the day wore on, trading conditions tilted unfavorably, and several lenders issued small afternoon rate increases. Despite those changes, the average rate remained far closer to the lower boundary of most of the past 10 months.



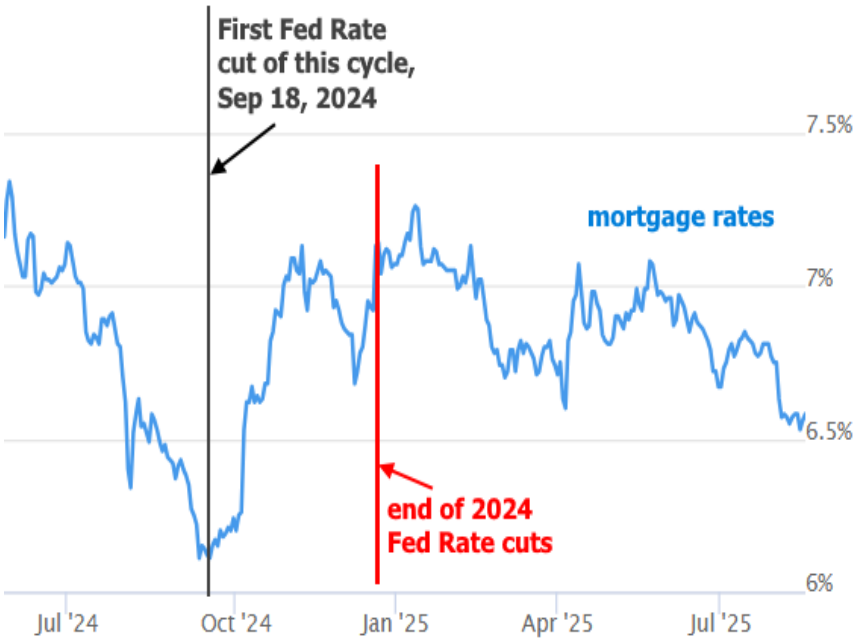

The takeaway is that rates have generally rallied alongside growing expectations for Fed rate cuts. For all the time we spend pushing back on the belief that the Fed dictates mortgage rates, this is the one time that there's a sort of exception.

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Specifically, mortgage rates do indeed tend to move the same direction as Fed rate **EXPECTATIONS**. This is mostly because the two share many common motivations and **NOT** because mortgage rates are waiting for a change in the actual Fed Funds Rate. A prime example was seen in late 2024 when mortgage rates hit long term lows only to begin moving higher when the Fed finally cut rates.




With the Fed still likely to cut rates in the upcoming meeting, it's important to keep that precedent in mind. To be clear, an actual Fed rate cut **WOULD NOT** guarantee further improvement **unless** the economic data keeps supporting the case for more cuts ahead.

For now, rates remain within striking distance of recent lows, but next month's jobs report and the next round of inflation data will determine whether they break even lower or retreat back up into 2025's prevailing range.

The upcoming week will bring a few key updates from the Fed. Wednesday's release of the Fed meeting minutes simply provides a more detailed account of the meeting that took place 3 weeks ago. It's the lesser of the two Fed events because it will not be able to account for data that's come out over the past 3 weeks. Thursday marks the start of the Fed's Jackson Hole symposium. Unlike the Minutes, this will give the Fed Chair and other speakers a forum to make forward looking statements that take this week's inflation developments into consideration.

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## Recent Economic Data

| Date | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| **Tuesday, Aug 12** | | | | |
| 8:30AM | Jul y/y CORE CPI (%) | 3.1% | 3% | 2.9% |
| 8:30AM | Jul m/m CORE CPI (%) | 0.3% | 0.3% | 0.2% |
| **Wednesday, Aug 13** | | | | |
| 7:00AM | Aug/08 MBA Refi Index | 956.2 | | 777.4 |
| 7:00AM | Aug/08 MBA Purchase Index | 160.2 | | 158.0 |

## Event Importance:

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

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| Date | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| **Thursday, Aug 14** | | | | |
| 8:30AM | Aug/09 Jobless Claims (k) | 224K | 228K | 226K |
| 8:30AM | Jul Core Producer Prices MM (%) | 0.9% | 0.2% | 0% |
| 8:30AM | Jul Core Producer Prices YY (%) | 3.7% | 2.9% | 2.6% |
| **Friday, Aug 15** | | | | |
| 8:30AM | Jul Retail Sales Control Group MoM | 0.5% | 0.4% | 0.5% |
| 8:30AM | Jul Retail Sales (%) | 0.5% | 0.5% | 0.6% |
| 10:00AM | Aug Consumer Sentiment (ip) | 58.6 | 62 | 61.7 |
| 10:00AM | Aug Sentiment: 5y Inflation (%) | 3.9% | | 3.4% |
| 10:00AM | Aug Sentiment: 1y Inflation (%) | 4.9% | | 4.5% |
| **Monday, Aug 18** | | | | |
| 10:00AM | Aug NAHB housing market indx | 32 | 34 | 33 |
| **Tuesday, Aug 19** | | | | |
| 8:30AM | Jul Building Permits (ml) | 1.354M | 1.39M | 1.393M |
| 8:30AM | Jul Housing starts number mm (ml) | 1.428M | 1.29M | 1.321M |
| **Wednesday, Aug 20** | | | | |
| 2:00PM | FOMC Minutes | | | |
| 8:00PM | Jackson Hole Symposium | | | |
| **Thursday, Aug 21** | | | | |
| 8:30AM | Aug/16 Jobless Claims (k) | 235K | 225K | 224K |
| 8:30AM | Aug Philly Fed Business Index | -0.3 | 7 | 15.9 |
| 9:45AM | Aug S&P Global Services PMI | 55.4 | 54.2 | 55.7 |
| 10:00AM | Jul Existing home sales (ml) | 4.01M | 3.92M | 3.93M |
| 8:00PM | Jackson Hole Symposium | | | |


## 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.

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