

Scott Ward
President, Potomac Mortgage Advisors
NMLS 4065
46169 Westlake Drive Suite 100 POTOMAC FALLS, VA 20165

Office: 703-406-8200
Mobile: 571-283-4424
scott.ward@potomacmortgageadvisors.com
View My Website

Don't Fear The Taper

For anyone following interest rates very closely in 2013, the taper tantrum is not easily forgotten. It describes the bond market's knee-jerk response to the realization that the Federal Reserve would be winding down its bond purchase program. With the Fed almost certain to make a similar announcement next Wednesday, should we be scared yet again?

In a word: no.

Of course, we'll need to qualify that. First off, whether or not we should be scared has little to do with whether or not the taper announcement will push rates higher. Perhaps the better question--the one to which we can answer a more unqualified "no"--is as follows:

Should we be afraid that next week's tapering announcement from the Fed will push rates higher?! There are a few reasons we can answer "no" to that question.

1. Past Precedent

You know the old disclaimer about past precedent not being a guarantee of future performance? That's true here too, largely because the pandemic creates a different backdrop for the market compared to 2013. Still, of the 3 times the Fed has announced a reduction in its bond purchases, rates have done the same thing every time. (QE = quantitative easing... market-speak for outright bond purchases from the Fed).

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.32%	-0.02	0.00
15YR Fixed	6.87%	-0.02	0.00
30YR FHA	6.95%	-0.01	0.00
30YR Jumbo	7.42%	-0.03	0.00
7/6 SOFR	6.70%	-0.13	0.00
30YR VA	6.97%	**0.00**	0.00

Rates as of: 11/24

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.59	+0.04
10 YR Treasury	4.9267	-0.0195
30 YR Treasury	5.3214	+0.0130

Pricing as of: 11/24 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 11	199.8	-2.35%
Building Permits	Oct	1.3M	-7.5%
Housing Starts	Oct	1.31M	+7.21%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Oct	63	-4.69%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Nov	25	-13.79%

© 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/potomacmortgageadvisors



Yes, the chart above is counterintuitive. After all, if rates are based on bonds, and Fed bond buying demand pushes rates lower, wouldn't we logically expect that rates would rise when the Fed buys fewer bonds? That would be true if everything the Fed did was a surprise, but...

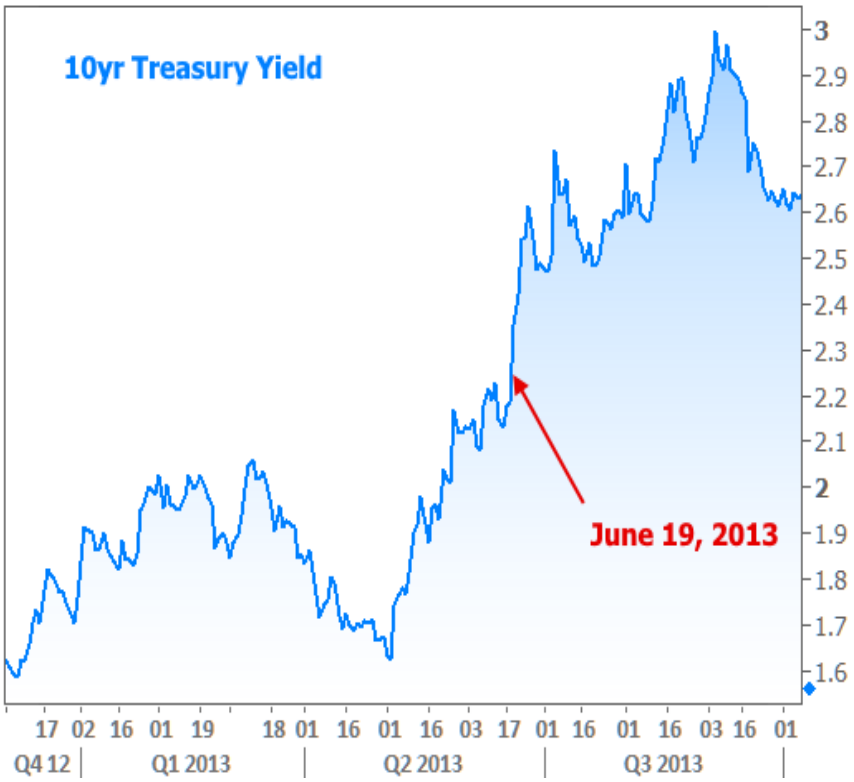
2. Next Week's Fed Tapering Announcement Will Not Be a Surprise

You want to see markets surprised by a Fed tapering announcement? Check out June 19, 2013. That's the day often considered to be the grand opening of 2013's taper tantrum.

© 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/potomacmortgageadvisors



Indeed, markets were surprised by that. You may also be surprised to learn that the Fed didn't actually announce tapering until December 2013! In June, they merely said tapering was likely by the end of the year.

Here's another surprise:

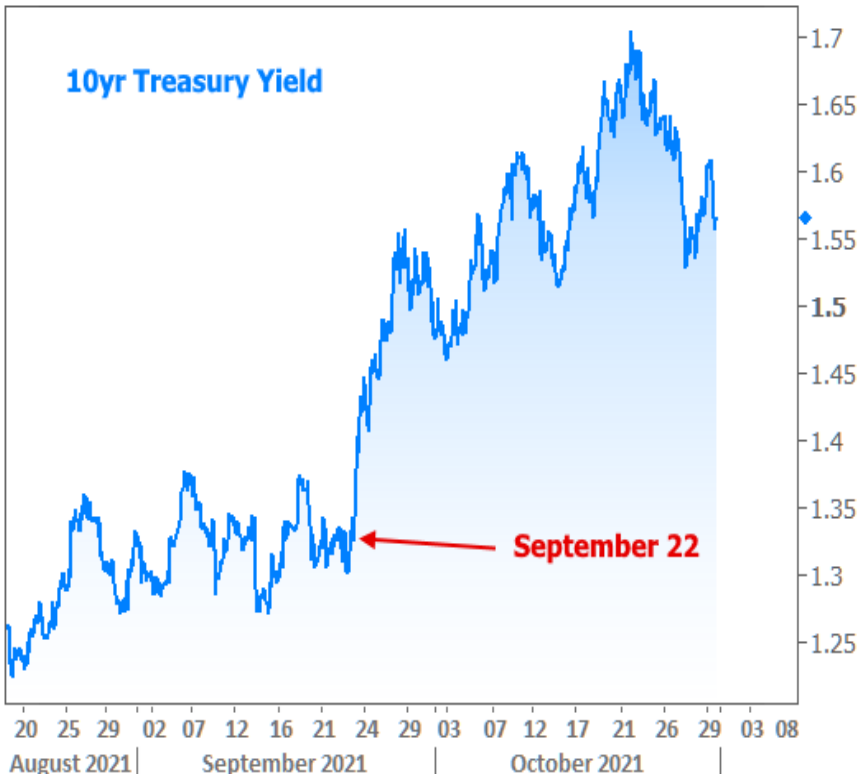
3. 2021's Version of June 2013 Already Happened

Remember September 22nd? Rates had been flat, low, and relatively drama free for months when Fed Chair Powell all but promised to taper on November 3rd during the Sep 22 press conference. Granted, that wasn't the only ball in play for the bond market, but it was the biggest.

© 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/potomacmortgageadvisors



The Bottom Line.

The bottom line is that the Fed and everyone else was cognizant of the damage done by mismanaged expectations in 2013 (they tried, but inconsistencies in economic data made for a perfect storm). They've been determined to give the market ample notice. Even without the notice, we knew tapering was coming eventually. In fact, markets were already starting to prepare for it by the end of 2020, thus making for a sort of slow-motion taper tantrum.

© 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/potomacmortgageadvisors



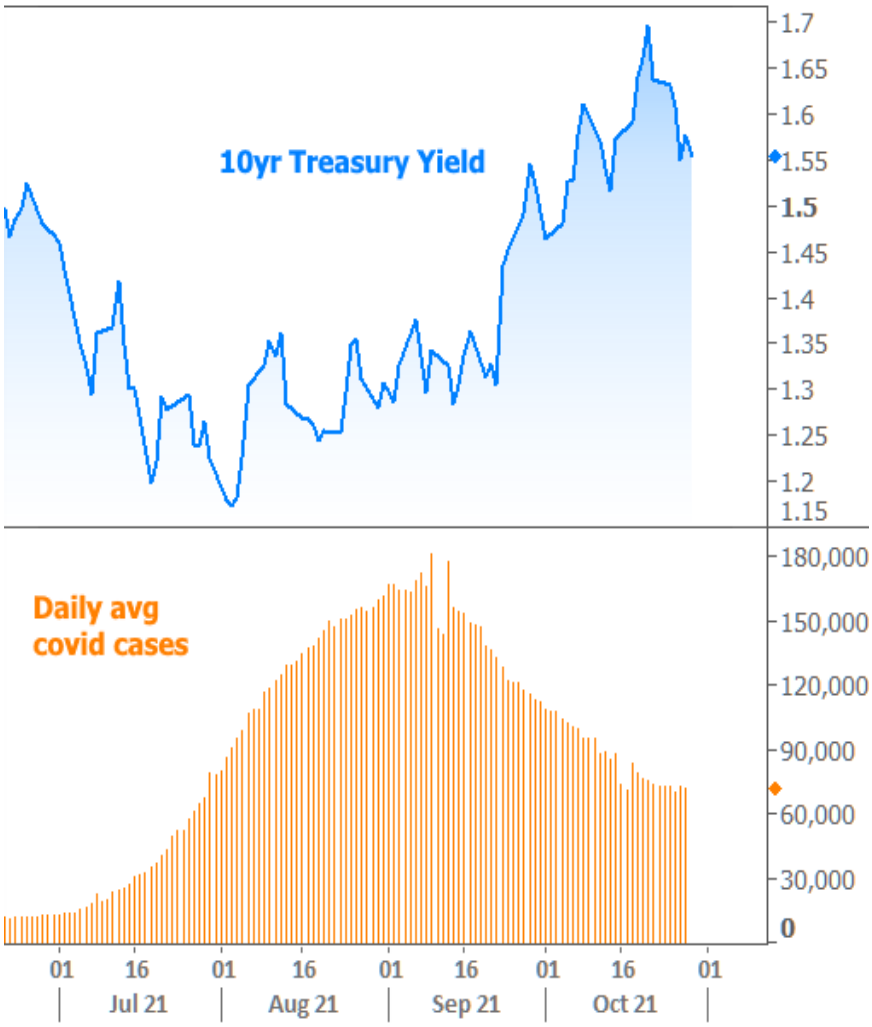
Again, this doesn't mean rates can't keep going higher. But if they do go higher, it won't be because the market was surprised by next week's tapering announcement. Similarly, if rates go lower, they'll have to find their own justification.

One thing to keep an eye on as temperatures grow colder is a potential shift in covid case counts. They've been trending reliably lower since September, but now look to be leveling off.

© 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/potomacmortgageadvisors

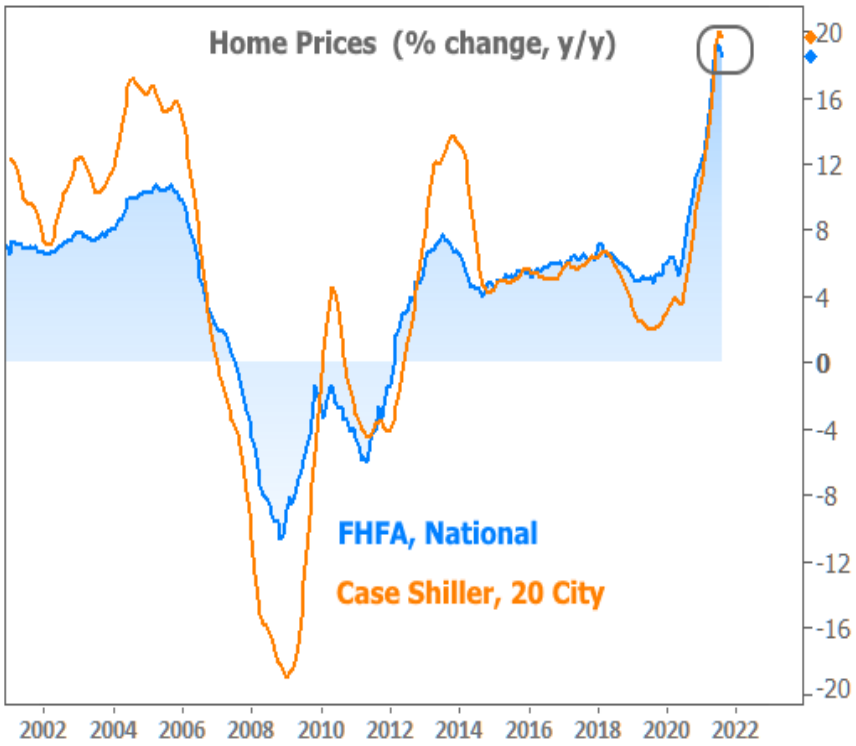


As far as home prices are concerned, rising rates might not be a bad thing. With August's price data in this week, we already have the first signs of a deceleration in the record-setting pace of appreciation. It's small for now, but experts expect price growth to fall significantly from here (note: that's price GROWTH... not prices themselves).

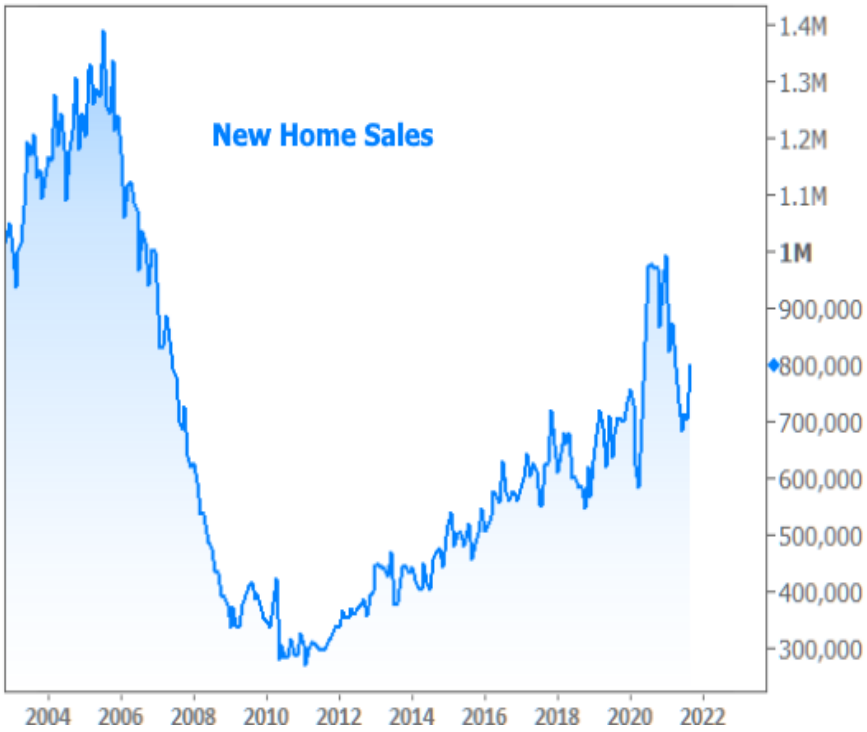
© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

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/potomacmortgageadvisors



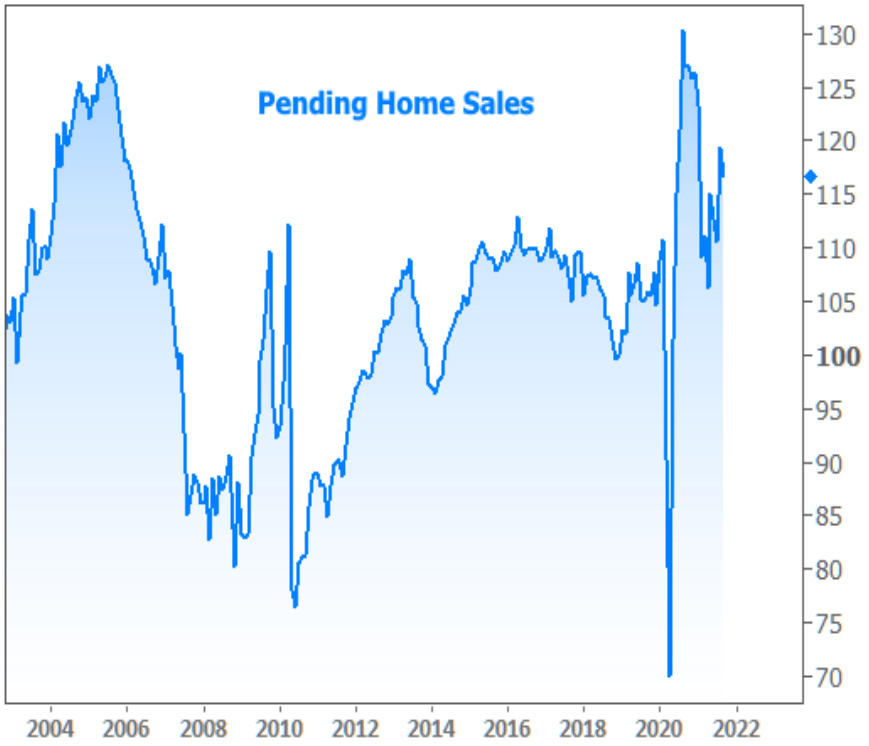
In other housing and economic news this week, New Home Sales surged, Pending Home Sales remained respectable, and inflation was right in line with economists (very high) expectations.

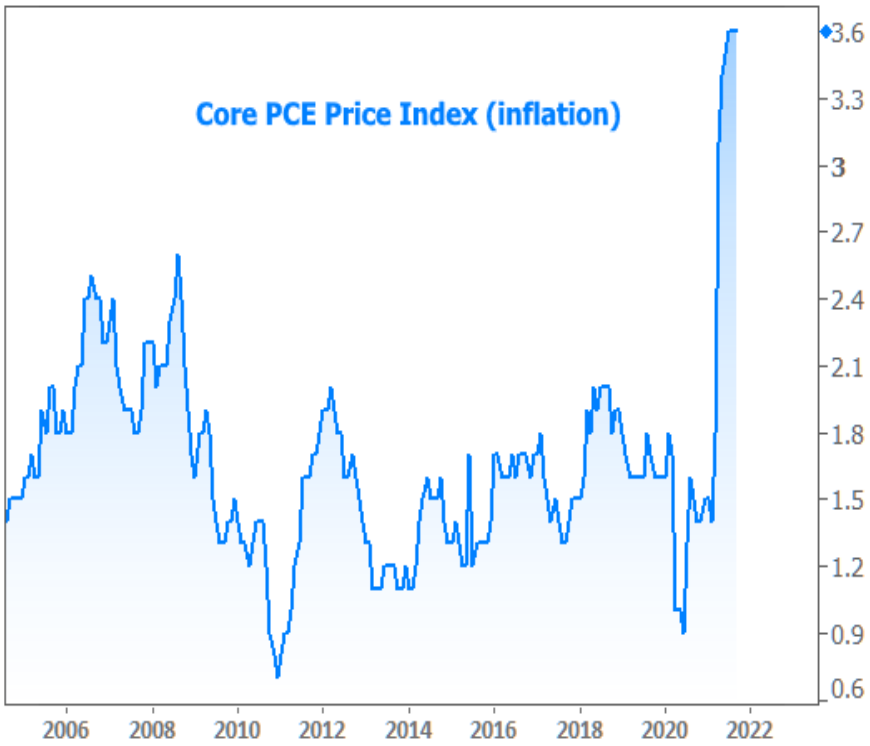


© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

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/potomacmortgageadvisors





In addition to next week's Fed announcement (Wednesday afternoon), there's a smattering of other important economic data culminating in Friday's big jobs report. Ultimately, markets may choose their game plan based on how other traders are trading before and after the Fed (i.e. data might suggest one thing and rates might do the other).

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

© 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/potomacmortgageadvisors

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Oct 26				
9:00AM	Aug Case Shiller Home Prices y/y (%)	19.7	20.0	19.9
9:00AM	Aug FHFA Home Prices y/y (%)	18.5		19.2
10:00AM	Sep New Home Sales (ml)	0.800	0.760	0.740
10:00AM	Oct Consumer confidence	113.8	108.3	109.3
10:00AM	Sep New Home Sales (%) (%)	14.0		1.5
Wednesday, Oct 27				
7:00AM	w/e MBA Purchase Index	275.6		266.2
7:00AM	w/e MBA Refi Index	2763.8		2807.9
8:30AM	Sep Durable goods (%)	-0.4	-1.1	1.8
1:00PM	5-Yr Note Auction (bl)	61		
Thursday, Oct 28				
8:30AM	Q3 GDP Advance (%)	2.0	2.7	6.7
8:30AM	w/e Jobless Claims (k)	281	290	290
10:00AM	Sep Pending Sales Index	116.7		119.5
10:00AM	Sep Pending Home Sales (%)	-2.3	0.0	8.1
1:00PM	7-Yr Note Auction (bl)	62		
Friday, Oct 29				
8:30AM	Q3 Employment costs (%)	1.3	0.9	0.7
8:30AM	Sep Core PCE Inflation (y/y) (%)	3.6	3.7	3.6
9:45AM	Oct Chicago PMI	68.4	63.5	64.7
10:00AM	Oct Sentiment: 1y Inflation (%)	4.8		4.8
10:00AM	Oct Sentiment: 5y Inflation (%)	2.9		2.8
10:00AM	Oct Consumer Sentiment (ip)	71.7	71.4	71.4
Monday, Nov 01				
10:00AM	Oct ISM Manufacturing PMI	60.8	60.5	61.1
10:00AM	Sep Construction spending (%)	-0.5	0.4	0.0
Wednesday, Nov 03				
7:00AM	w/e MBA Purchase Index	271.1		275.6
7:00AM	w/e MBA Refi Index	2645.0		2763.8
8:15AM	Oct ADP National Employment (k)	571	400	568
10:00AM	Oct ISM N-Mfg PMI	66.7	62.0	61.9
10:00AM	Sep Factory orders mm (%)	0.2	0.0	1.2
10:30AM	w/e Crude Oil Inventory (ml)	3.291	2.225	4.267
2:00PM	N/A FOMC rate decision (%)	0 - 0.25	0.125	0.125
Friday, Nov 05				
8:30AM	Oct Non-farm payrolls (k)	531	450	194

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/potomacmortgageadvisors

Date	Event	Actual	Forecast	Prior
8:30AM	Oct Unemployment rate mm (%)	4.6	4.7	4.8
Wednesday, Dec 29				
11:30AM	2-Yr Note Auction (bl)	24		

© 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/potomacmortgageadvisors