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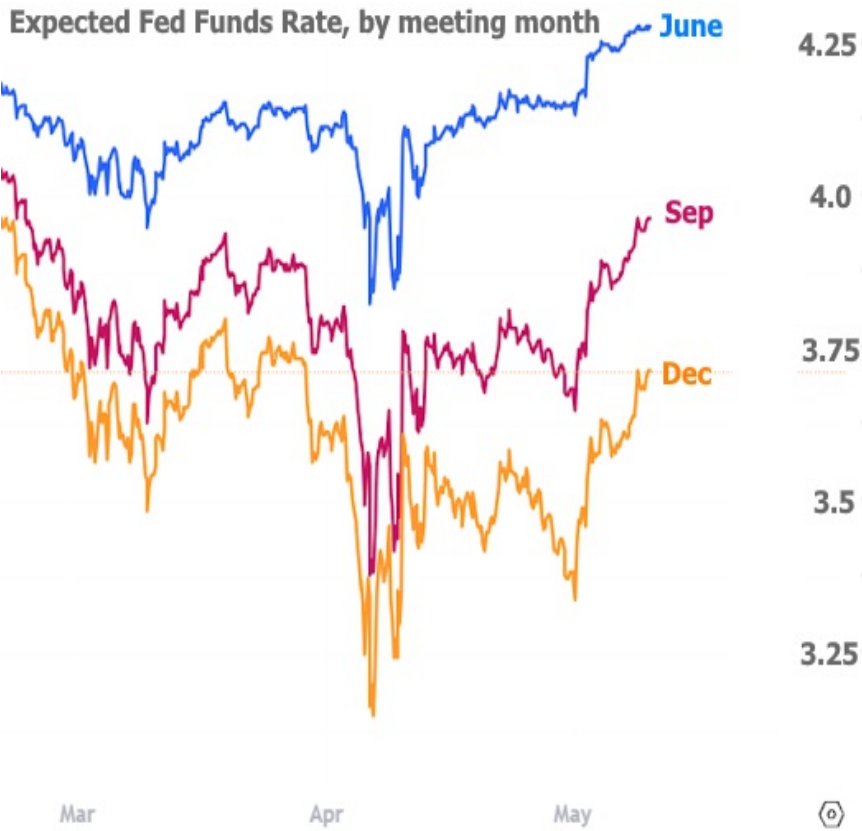
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Fed Rate Expectations Have Fully Erased The Tariff Impact (For Now)

The market is constantly making bets on where the Fed Funds Rate will end up for any given moment many months into the future. As such, that rate expectation is constantly changing. It will continue to change, and it will change in different ways for different time frames.

For example the futures contracts that pertain to June's Fed meeting will indicate a different rate than the contracts for the December meeting. In other words, if traders think the Fed will end up cutting rates, it will be in steps--not all at once.

When Trump's tariff plan was first announced, the market rushed to price in a faster pace of rate cuts, even in the relatively near-term meetings like May and June. After the 90 day pause, rate expectations reversed course, but more so for those near term Fed meetings. Traders still foresaw lower rates when they looked farther into the future.



National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30YR Fixed	7.35%	+0.02	0.00
15YR Fixed	7.00%	-0.01	0.00
30YR FHA	6.99%	+0.01	0.00
30YR Jumbo	7.60%	0.00	0.00
7/6 SOFR	6.86%	+0.01	0.00
30YR VA	7.00%	+0.01	0.00

Rates as of: 10/28

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.67	+0.08
10 YR Treasury	4.9907	-0.0258
30 YR Treasury	5.3168	-0.0285

Pricing as of: 10/28 11:16PM EST

Recent Housing Data

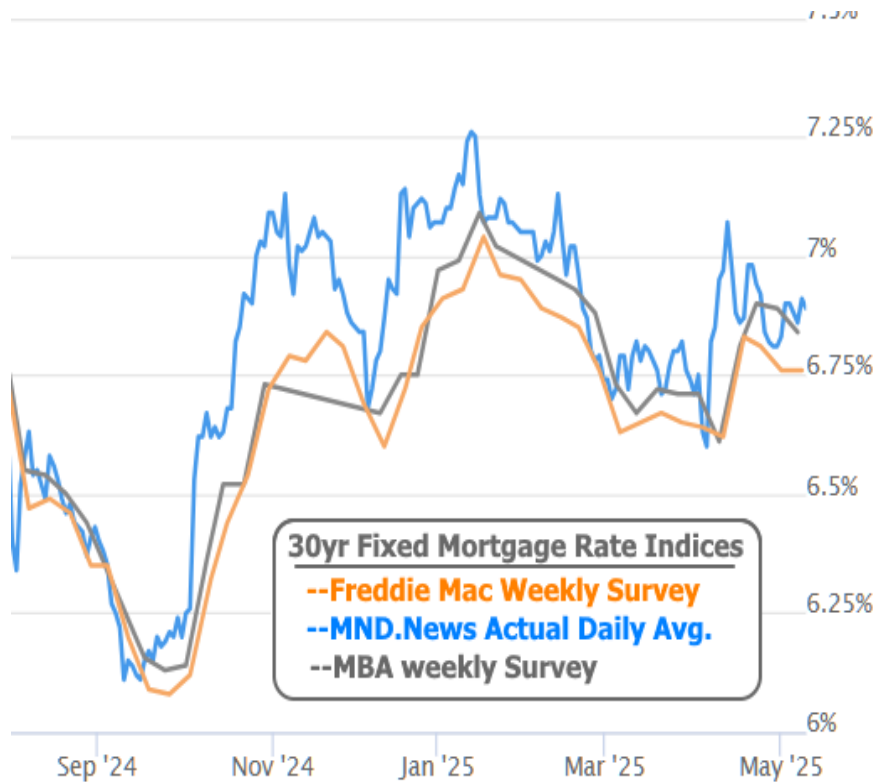
		Value	Change
Mortgage Apps	Oct 14	188.6	-5.32%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Aug	684K	+12.69%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

While there was a Fed meeting this week, it had no impact on these expectations. The Fed was widely expected to say exactly what it said. In a nutshell, evolving trade policies could end up being good or bad for the rate outlook. If there's lots of inflation and economic growth, that would be bad for rates. If there's a lot of economic contraction and less inflation, that would be good for rates. The reality ultimately depends on the details of trade deals and global financial market response.

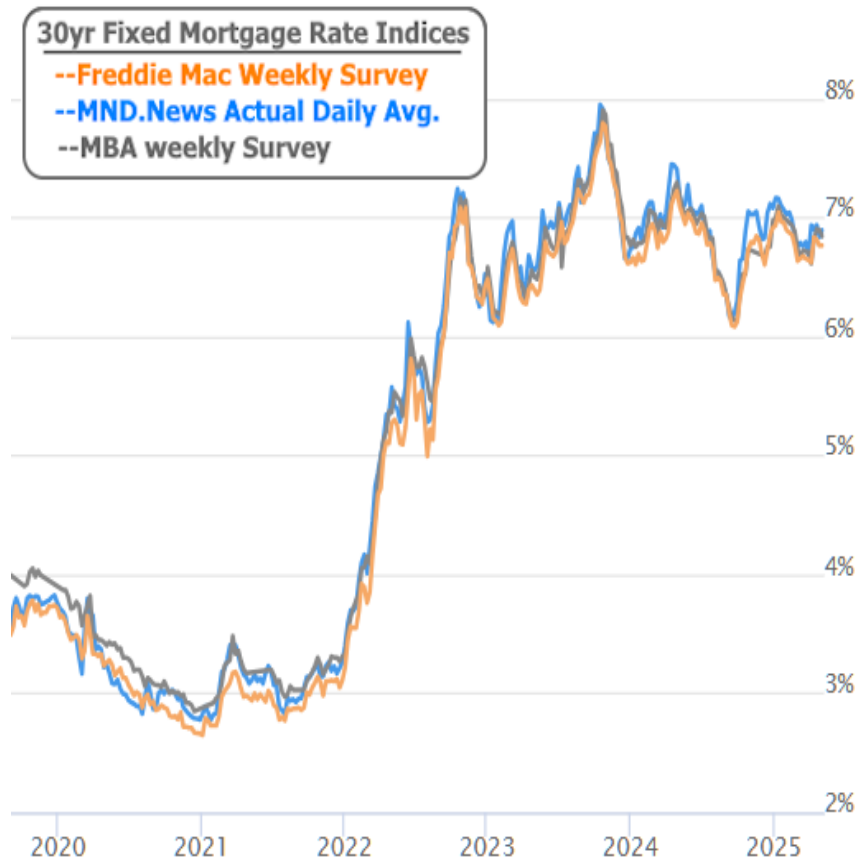
While the Fed couldn't add much to the dialogue this week, end of year rate expectations did finally break above the pre-tariff levels. Most of this move happened at the end of last week owing to stronger economic data. This week's contribution came from the announcement of a US/UK trade deal. The timing is highlighted in the following chart, which singles out only the December Fed Funds Rate expectations. The chart also reminds us that even though expectations moved up, the expected rates are still far below current levels (indicating 2 to 3 cuts of 0.25%).



As always, the Fed Funds Rate is merely on the same family tree as mortgage rates, but the two are quite different at times. Whereas Fed rate expectations are definitely higher now compared to early April, mortgage rates remain a bit lower.



The more one zooms out on a chart of rates, the more the past 2-3 years look like one big, flat waiting game.



Even before tariff changes, we were in the same sideways spot, waiting for a meaningful departure from the uncertainty. Resolution will come from the same places either way: rates will consider the economy, inflation, and the amount of money the government needs to borrow. There are other minor considerations, but these are the big 3, and the finalization of trade deals can have a direct impact on all of them.

The coming week brings the first official, big picture inflation reading for the month of April in the form of the Consumer Price Index (CPI). While it's far too early to fully assess the tariff impact on measured inflation, it's not too early to see some changes. As always, the more that inflation surprises to the upside, the higher the implication for rates, all else equal. The "no surprise" reading for CPI would be a shift from 0.1 to 0.3 in terms of month-over-month core inflation.

Apart from the economic data, there will certainly be updates to digest from the over-the-weekend trade negotiations between the US and China. It's tremendously unlikely that these talks would conclude as quickly as those with the UK, but still very likely that they produce some actionable headlines. In other words, this is another source of potential volatility in rates in addition to economic data like CPI.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, May 05				
10:00AM	Apr ISM N-Mfg PMI	51.6	50.6	50.8
10:00AM	Apr ISM Services Employment	49		46.2
10:00AM	Apr ISM Services Prices	65.1		60.9
Tuesday, May 06				
8:30AM	Mar Trade Gap (bl)	\$-140.5B	\$-137B	\$-122.7B
10:10AM	May IBD economic optimism	47.9	50.2	49.1
Wednesday, May 07				
7:00AM	May/02 MBA Purchase Index	162.8		146.6
7:00AM	May/02 MBA Refi Index	721		649.0
2:00PM	Fed Interest Rate Decision	4.5%	4.5%	4.5%
2:30PM	Fed Press Conference			
Thursday, May 08				
8:30AM	May/03 Jobless Claims (k)	228K	230K	241K
Tuesday, May 13				
8:30AM	Apr m/m CORE CPI (%)	0.2%	0.3%	0.1%
8:30AM	Apr y/y CORE CPI (%)	2.8%	2.8%	2.8%
Thursday, May 15				
8:30AM	Apr Core Producer Prices MM (%)	-0.4%	0.3%	-0.1%
8:30AM	Apr Core Producer Prices YY (%)	3.1%	3.1%	3.3%
8:30AM	May NY Fed Manufacturing	-9.20	-10	-8.10
8:30AM	May/10 Jobless Claims (k)	229K	229K	228K
8:30AM	Apr Retail Sales Control Group MoM	-0.2%	0.3%	0.4%
8:40AM	Fed Chair Powell Speech			

Event Importance:

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

Date	Event	Actual	Forecast	Prior
9:15AM	Apr Industrial Production (%)	0%	0.2%	-0.3%
10:00AM	May NAHB housing market indx	34	40	40
Friday, May 16				
8:30AM	Apr Import prices mm (%)	0.1%	-0.4%	-0.1%
8:30AM	Apr Export prices mm (%)	0.1%	-0.5%	0%
8:30AM	Apr Housing starts number mm (ml)	1.361M	1.37M	1.324M
8:30AM	Apr Building Permits (ml)	1.412M	1.450M	1.467M
10:00AM	May Consumer Sentiment (ip)	50.8	53.4	52.2

A Lower Price or a Lower Rate? Don't Guess. Compare: 10-22-2026

What Every Agent Should Know:---

With mortgage rates challenging affordability and buyers hesitant to make decisions, sellers are increasingly willing to negotiate. But here's a question every REALTOR® should consider:---

Is your buyer better off negotiating a lower purchase price—or asking the seller to contribute toward a permanently lower interest rate?---

A price reduction lowers the mortgage balance, but the resulting monthly payment savings may be surprisingly small.---

Alternatively, a seller contribution toward a permanent interest-rate buydown could provide substantially greater monthly payment relief, even with a higher purchase price.---

But what if mortgage rates decline in the next 6, 12, or 24 months?---

That's the question nobody can answer with certainty.---

A buyer who negotiates a larger price reduction may benefit from a lower loan balance and potentially refinance if rates decline. A buyer who secures a permanently lower rate benefits immediately, without depending on future market conditions.---

Both strategies have merit. The right answer depends on the numbers, the buyer's financial priorities, and how long they expect to keep the mortgage.---

For listing agents, this creates another negotiating opportunity. A seller contribution toward financing costs may be more attractive to a payment-conscious buyer than another reduction in asking price.---

Before your buyer requests a price reduction—or your seller agrees to one—give me a call.---

Let's compare the alternatives. Sometimes the smartest negotiation isn't about the price. It's about how the transaction is structured.---

EQUAL HOUSING LENDER---

<https://apply.planethomelending.com/#/loan-officers/tpayne%40planethomelending>

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