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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.

This chart shows actual annual core inflation as well as what annual inflation would be if the most recent month were repeated 11 more times or the most recent 6 months were repeated one more time.



Core Annual Inflation
(6-month annualized)
(1-month annualized)

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

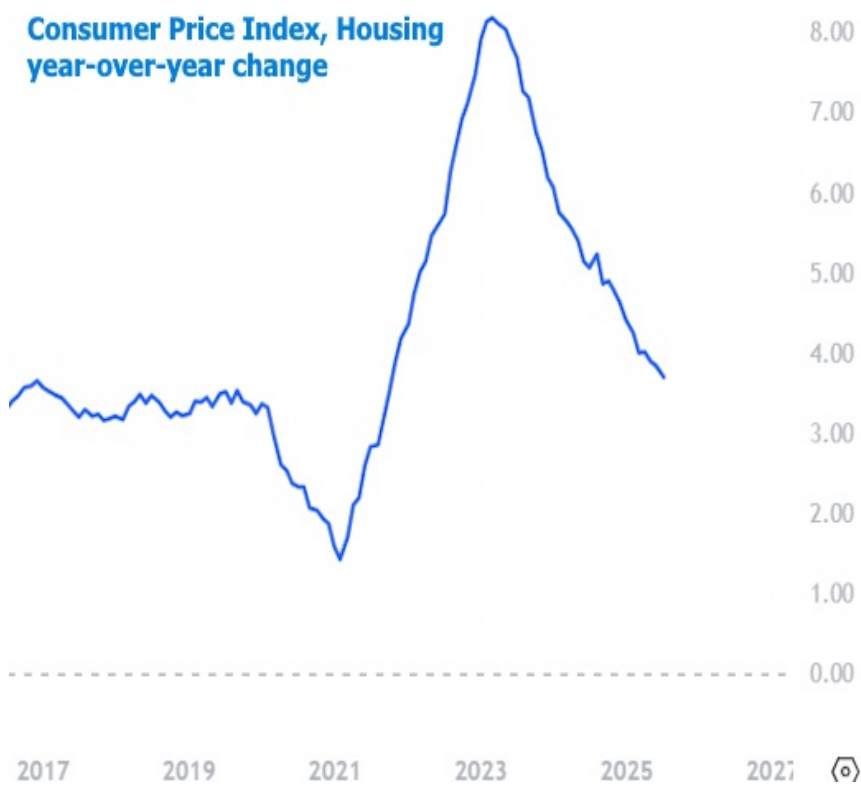
MBS and Treasury

	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%



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.

**Consumer Price Index, Housing
year-over-year change**

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.

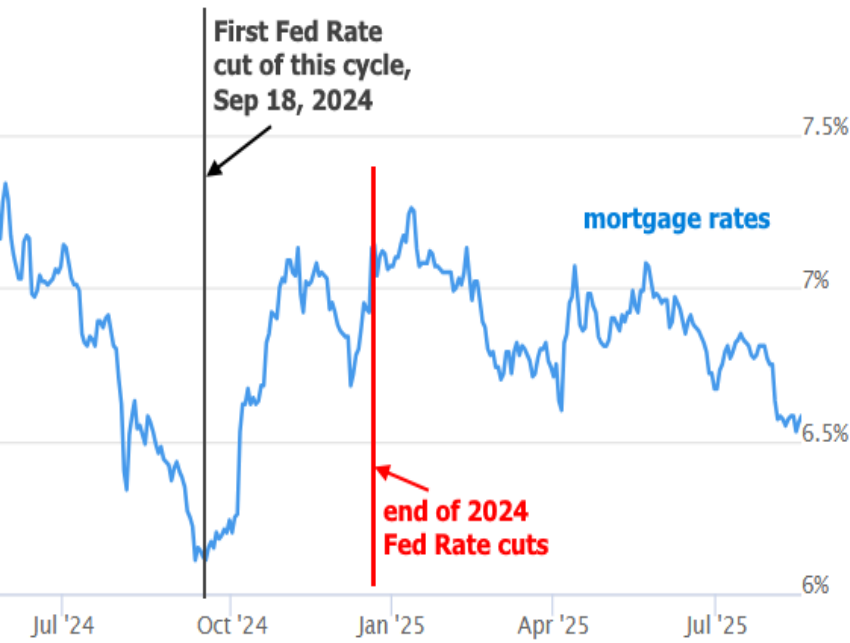
30yr Fixed Mortgage Rate Indexes

- MND Daily Rates - Freddie Mac Weekly - MBA Weekly



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.

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

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			

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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