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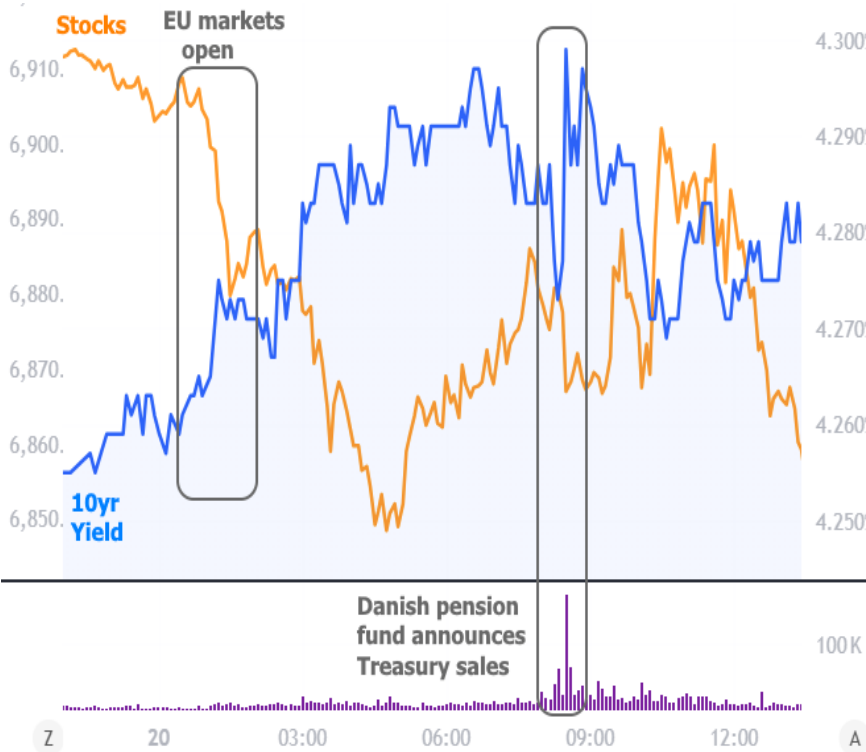
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Tougher Week For Rates, But Mortgage Apps Soar to 3 Year High

Mortgage rates pulled back this week as the bond market digested geopolitical tension. After the 3-day holiday weekend, traders returned to find overseas markets pushing bond yields higher.

The lesser of the two motivations had to do with fallout over fiscal issues in Japan which prompted heavy selling of Japanese bonds. There is often a certain amount of correlation between the sovereign debt of major economies and it's not uncommon to see U.S. yields moving higher if there's a big uptick in Asia/Europe. Generally speaking higher yields translate to higher mortgage rates.

The larger issue was geopolitical in nature. European markets reacted to escalation of the administration's stance on Greenland over the weekend. New tariff threats were part of the problem, but the most noticeable uptick in trading volume followed news that a Danish pension fund was pulling out of Treasuries.



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	99.71	+0.11
10 YR Treasury	4.9813	-0.0352
30 YR Treasury	5.3087	-0.0366

Pricing as of: 10/28 10:09PM EST

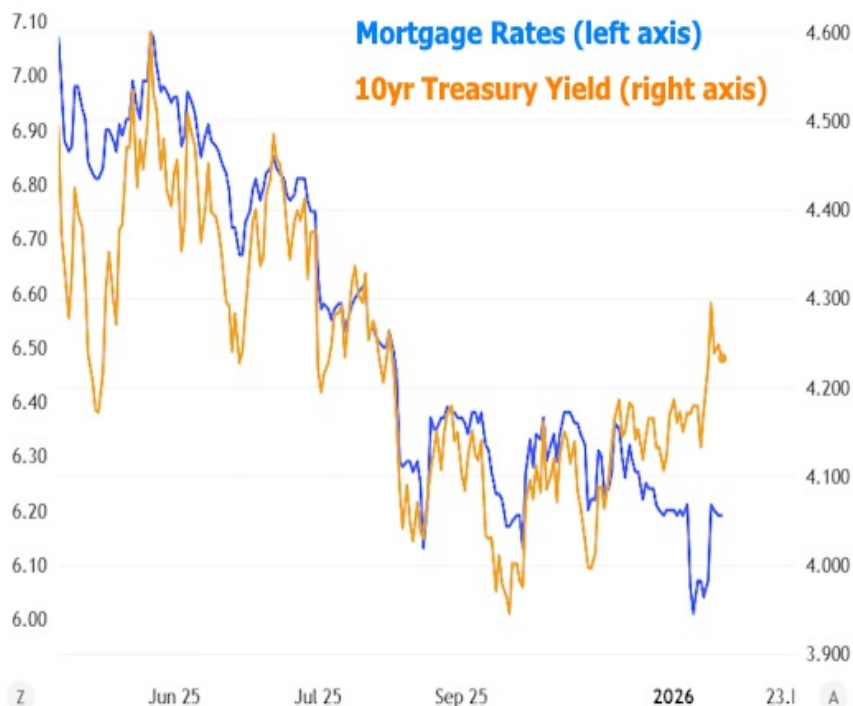
Recent Housing Data

		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%

That strategy wasn't seen as sustainable for the rest of Europe's money managers and the overall amount was small in the grand scheme of things, hence the minimal additional rise in 10yr yields.

From that point on, the bond market calmed down through the end of the week. Economic reports were uneventful and several of the biggest examples were very stale as agencies continue getting caught up after the government shutdown.

Mortgage rates were affected by Tuesday morning's bond market weakness, with the average lender pulling back up to levels seen before the big drop on January 9th after the administration's MBS buying announcement. That said, mortgage rates are handily outperforming Treasuries thanks to that same announcement (and, indeed, thanks to actual MBS purchases). There's no other way to explain the following chart:



In other words, the MBS buying announcement initially caused mortgage rates to surge lower. Now this week, it's providing insulation to mortgage rates against moving higher at the pace seen in Treasuries.

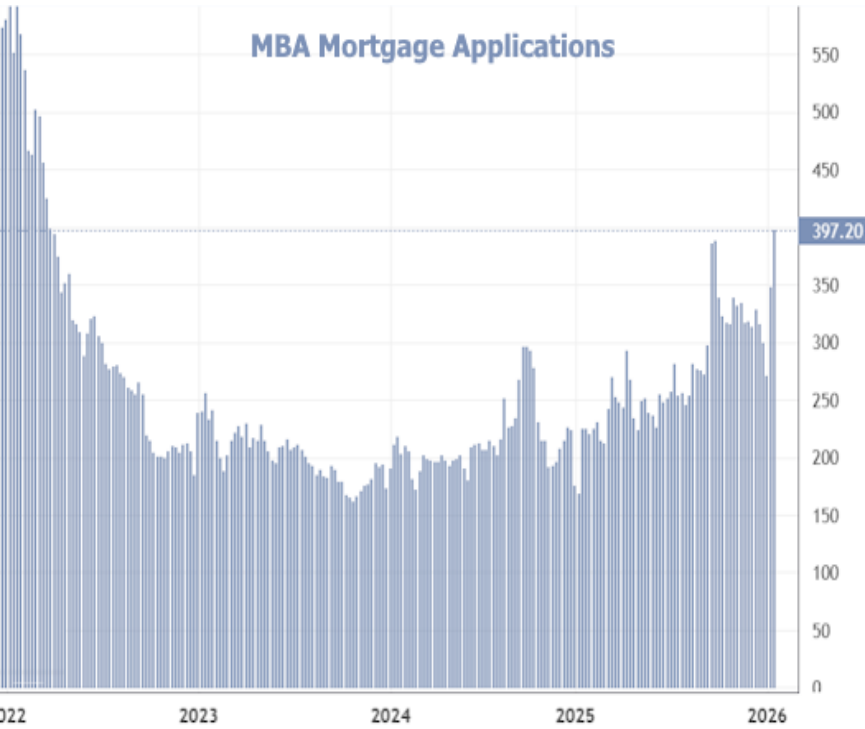
The results of the recent rate rally were on full display in this week's mortgage application data from the Mortgage Bankers Association (MBA).



It's normal for refi demand to respond to big rate rallies, but a case could be made that purchase apps are getting some benefit as well. They advanced to their highest level in 3 years this week.



Overall, mortgage apps are the highest in nearly 4 years after this week's data:



Next week brings several more economic reports, but none that are as important for rates as the jobs report that comes out on February 6th. That leaves the Fed announcement as the most newsworthy event. In this case, the market effectively sees a zero percent chance of a Fed rate cut this time around, but the text of the statement and Fed Chair Powell's press conference can always offer clues to how the Fed will approach the following meeting (March 18th).

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Jan 20				
8:15AM	ADP Employment Change Weekly	8K		11.75K
Wednesday, Jan 21				
7:00AM	Jan/16 MBA Refi Index	1580.8		1313.1
7:00AM	Jan/16 MBA Purchase Index	194.1		184.6
10:00AM	Dec Pending Home Sales (%)	-9.3%	-0.3%	3.3%
Thursday, Jan 22				
8:30AM	Q3 GDP (%)	4.4%	4.3%	3.8%
8:30AM	Jan/17 Jobless Claims (k)	200K	212K	198K
10:00AM	Nov Core PCE (y/y) (%)	2.8%	2.8%	2.7%
10:00AM	Oct Core PCE (y/y) (%)	2.7%	2.7%	2.8%
Friday, Jan 23				
9:45AM	Jan S&P Global Services PMI	52.5	52.8	52.5

Event Importance:

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

Date	Event	Actual	Forecast	Prior
9:45AM	Jan S&P Global Manuf. PMI	51.9	52	51.8
10:00AM	Jan Consumer Sentiment (ip)	56.4	54.0	52.9
Monday, Jan 26				
8:30AM	Nov Durable goods (%)	5.3%	3.7%	-2.2%
Tuesday, Jan 27				
8:15AM	ADP Employment Change Weekly	7.75K		8.0K
9:00AM	Nov FHFA Home Prices y/y (%)	1.9%		1.7%
9:00AM	Nov Case Shiller Home Prices-20 y/y (%)	1.4%	1.2%	1.3%
Wednesday, Jan 28				
2:00PM	Fed Interest Rate Decision	3.75%	3.75%	3.75%
2:30PM	Fed Press Conference			
Thursday, Jan 29				
8:30AM	Jan/24 Jobless Claims (k)	209K	205K	200K
Friday, Jan 30				
8:30AM	Dec PPI m/m (%)	0.5%	0.2%	0.2%

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.---

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

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