



## Tom Payne

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## Everyone Wins This Week's Round of Deal or No Deal

Since late March, markets have had repeated opportunities to play deal or no deal when it comes to ending the Iran war. Sometimes we won. Sometimes we lost. This week's installment was touch and go, but ultimately a winner.

A quick recap of the underlying nuts and bolts:

- The Iran war caused oil prices to spike
- Higher oil implies higher inflation
- Higher inflation begets higher rates

There are ancillary considerations, but the bullet points above account for a majority of the volatility.

Rates began the week higher as fighting continued over the weekend in Iran, but the tone began to shift almost immediately with Israel agreeing to halt attacks in Lebanon. Bonds broke from oil prices later that day (i.e. yields/rates moved higher despite oil prices moving lower), presumably due to a rotation back into the stocks and defensiveness ahead of this week's cycle of Treasury auctions.

The deal/no deal correlations were again in focus on Wednesday as Trump said the U.S. would be attacking Iran "very hard." But the following day, Trump not only cancelled further attacks, but also made the most forceful/convincing announcement of a peace deal so far.

Even though markets take this game with a grain of salt, there was broad willingness to react this time. Bond yields and oil prices dropped sharply. Stocks surged. All that remained was to see whether Iran's response would be "no deal."

Throughout this process, it's been common for one side to refute claims made by the other. While some news outlets released snippets that arguably tried to push back on peace deal prospects, that pushback was markedly softer than previous examples. By Friday morning, we had Iran's foreign minister confirming that the two sides had never been closer to signing a memo that would effectively end the war and begin a more formal peace negotiation.

With that, bonds managed to end the week very close to their best levels. Because mortgage rates are based on bonds, 30yr fixed rates hit their lowest level in more than a week. The average lender is only 0.02% above the lowest

## National Average Mortgage Rates



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

Rates as of: 10/28

## MBS and Treasury

|                | Price / Yield | Change         |
|----------------|---------------|----------------|
| MBS UMBS 6.0   | 99.71         | <b>+0.11</b>   |
| 10 YR Treasury | 4.9824        | <b>-0.0341</b> |
| 30 YR Treasury | 5.3087        | <b>-0.0366</b> |

Pricing as of: 10/28 10:08PM 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%  |

level in 4 weeks seen on May 29th. The only catch is that the 4-week range consists of the highest rates of the past 10 months.

Heading into next week, we can expect more volatility for better or worse depending on what's in the briefcase. If a peace deal is actually signed, rates would likely drop even more. If hostilities re-flare, we'll continue flirting with long-term highs.

Wednesday brings the next Fed announcement where markets expect effectively no chance of a hike or a cut. Fed day could still cause volatility depending on comments from new Fed Chair Kevin Warsh.

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Recent Economic Data

| Date              | Event                               | Actual   | Forecast | Prior    |
|-------------------|-------------------------------------|----------|----------|----------|
| Monday, Jun 08    |                                     |          |          |          |
| 11:00AM           | May Consumer Inflation Expectations | 3.5%     |          | 3.6%     |
| Tuesday, Jun 09   |                                     |          |          |          |
| 8:15AM            | ADP Employment Change Weekly        | 29K      |          | 35.75K   |
| 8:30AM            | Apr Trade Gap (bl)                  | \$-55.9B | \$-56.1B | \$-60.3B |
| 10:00AM           | May Existing home sales (ml)        | 4.17M    | 4.07M    | 4.02M    |
| Wednesday, Jun 10 |                                     |          |          |          |
| 7:00AM            | Jun/05 MBA Refi Index               | 848.7    |          | 736.2    |
| 7:00AM            | Jun/05 MBA Purchase Index           | 176.9    |          | 164.8    |
| 8:30AM            | May y/y CORE CPI (%)                | 2.9%     | 2.9%     | 2.8%     |
| 8:30AM            | May y/y Headline CPI (%)            | 4.2%     | 4.2%     | 3.8%     |
| Thursday, Jun 11  |                                     |          |          |          |
| 8:30AM            | May PPI y/y                         | 6.5%     | 6.4%     | 6%       |
| 8:30AM            | May Core PPI y/y (%)                | 4.9%     | 5.4%     | 5.2%     |
| Friday, Jun 12    |                                     |          |          |          |
| 10:00AM           | Jun Consumer Sentiment (ip)         | 48.9     | 46       | 44.8     |
| Tuesday, Jun 16   |                                     |          |          |          |
| 8:30AM            | May Import prices mm (%)            | 1.9%     | 1.0%     | 1.9%     |
| Wednesday, Jun 17 |                                     |          |          |          |
| 8:30AM            | May Retail Sales (%)                | 0.9%     | 0.5%     | 0.5%     |
| 10:00AM           | May Pending Home Sales (%)          | 3.8%     | 0.8%     | 1.4%     |
| 2:00PM            | Fed Interest Rate Decision          | 3.75%    | 3.75%    | 3.75%    |
| 2:30PM            | Fed Press Conference                |          |          |          |
| Thursday, Jun 18  |                                     |          |          |          |
| 8:30AM            | Jun Philly Fed Business Index       | 10.3     | 10       | -0.4     |
| 8:30AM            | Jun/13 Jobless Claims (k)           | 226K     | 225K     | 229K     |

Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

## 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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