

Scott Kepler
Principal Broker, Mortgage Approval Group, LLC
NMLS 833792 Company NMLS# 1742769
2918 Busch Lake Blvd, Suite A Tampa, FL 33614

Office: 813.444.8537
Mobile: 813.565.0884
scott@scottkepler.com
View My Website

Europe Tapers, But Without The Tantrum

The "taper tantrum" refers to the time frame between May 3rd and July 5th 2013 when financial markets rapidly came to terms with the fact that the Federal Reserve would begin buying fewer and fewer bonds. Those bond purchases were a key motivation behind all-time low rates, so naturally, **rates rose abruptly** when the purchases were at risk of decreasing.

While the Fed has managed to avoid embarking on a 4th round of quantitative easing (or "QE," a term for large-scale asset purchases by central banks), European QE has been going full tilt since early 2015. In recent months, markets began to suspect the European Central Bank (ECB) might make **its own tapering announcement**. This week, it pulled the trigger. Will the fallout be the same for rates this time around?

So far, the answer is "no," but **the catch** is that November saw rates rise nearly as much as they did during the 2013 taper tantrum. If we hadn't seen such an abrupt spike in rates following the election, European tapering might have been a bigger deal.

Even then, the European version of this tapering process has been a different animal than the US version. For starters, **don't use the T-word**, at least not if you're talking to ECB President Draghi. He sternly reminded reporters that "tapering" was never discussed. Hopefully he can forgive us for using a term synonymous with "a reduction in the pace of asset purchases" to refer to--well--a reduction in the pace of asset purchases.

Semantic delusions aside, there actually is some material difference between the Fed and ECB versions of tapering. The ECB left things **more open-ended** by simply extending the existing program to Dec 2017 (scheduled to end in March 2017), but reducing the monthly amount from €80 bln to €60 bln. In this scenario, it's easier for markets to hold out hope that there will be additional purchases to follow.

In contrast, the Fed weaned financial markets off the extra cash slowly and steadily, making the 2014 tapering process seem much more final and sustainable. If the ECB had announced a similar tapering process, perhaps markets would believe they fully intended to pull away the proverbial **punch bowl**. In that case, the effects on rates might have been bigger.

But to go back to a previous point, we've had **quite enough** "effects on rates" thank you very much! Simply coping with the existing rate spike has been challenging enough for the mortgage and housing markets. In fact, it's **amazing** to see just how quickly most commentators have changed their tune

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.50%	-0.01	0.00
15YR Fixed	7.04%	0.00	0.00
30YR FHA	7.07%	-0.01	0.00
30YR Jumbo	7.52%	0.00	0.00
7/6 SOFR	7.12%	0.00	0.00
30YR VA	7.08%	-0.02	0.00

Rates as of: 11/17

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.84	+0.14
10 YR Treasury	5.1012	-0.0330
30 YR Treasury	5.4591	-0.0167

Pricing as of: 11/17 2:53PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

© 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://mortgageratesweekly.com/scottkepler

regarding the long-term outlook for rates. In a nutshell, they're saying that 2016 marked the end of a decades-long interest rate rally and that it's all uphill from here!

While there's certainly a possibility that those commentators are serving **pure, genuine Kool-Aid** (i.e. maybe they're right), you might not want to drink too much just yet. It looks awfully similar to Kool-Aid that was served at other times during the course of the multi-decade rate rally (circled areas in the following chart).



To be fair, there will **absolutely** come a time when rates no longer perpetually move lower. Indeed, that fact makes it much less risky for commentators to call a bottom in rates now vs 1993, 1998, 2003, 2008, or 2012). The point is that--even if they're right--we haven't seen **nearly** enough pain to confirm it.

Even if we look at the shorter-term, smaller scale market movements, there is **room for some hope** amid the recent chaos. Rates are increasingly trying to establish a ceiling after hitting 2-year highs last week.

We can observe these efforts in a chart of 10yr Treasury yields (the benchmark for longer-term rates, like mortgages). The chart shows the competing trends (red and green lines) leading up to this week's ECB news. For now, the downtrend (green line) is winning. From here, we can keep an eye on the **"key levels"**--especially 2.42%. If yields break above 2.42%, hopes for a ceiling would fade.

© 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://mortgageratesweekly.com/scottkepler



Adding some uncertainty to the mix is the fact that the Fed is almost certain to hike rates next Wednesday. While markets agree on the outcome of the Fed meeting, there is much less agreement about the next move in rates. December 2015 serves as timely reminder that longer-term rates **can** march to their own beat, regardless of a Fed rate hike.

Subscribe to my newsletter online at: http://mortgageratesweekly.com/scottkepler

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Dec 05				
10:00AM	Nov ISM N-Mfg PMI	57.2	55.4	54.8
Tuesday, Dec 06				
8:30AM	Oct International trade mm $ (bl)	-42.6	-41.8	-36.4
8:30AM	Q3 Labor Costs Revised (%)	+0.7	0.3	0.3
8:30AM	Q3 Productivity Revised (%)	+3.1	3.3	3.1
10:00AM	Oct Factory orders mm (%)	+2.7	2.6	0.3
Thursday, Dec 08				
8:30AM	w/e Initial Jobless Claims (k)	258	255	268
Friday, Dec 09				
10:00AM	Dec Consumer Sentiment Prelim	98.0	94.5	93.8
10:00AM	Oct Wholesale inventories mm (%)	-0.4	-0.4	-0.4
Monday, Dec 12				
11:30AM	3-Yr Note Auction (bl)	24		

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://mortgageratesweekly.com/scottkepler

Date	Event	Actual	Forecast	Prior
1:00PM	10-yr Note Auction (bl)	20		
Tuesday, Dec 13				
8:30AM	Nov Import prices mm (%)	-0.3	-0.4	0.5
8:30AM	Nov Export prices mm (%)	-0.1	-0.2	0.2
1:00PM	30-Yr Bond Auction (bl)	12		
Wednesday, Dec 14				
8:30AM	Nov Retail sales mm (%)	0.1	0.3	0.8
8:30AM	Nov Producer Prices (%)	+0.4	0.1	0.0
9:15AM	Nov Industrial output mm (%)	-0.4	-0.2	0.0
9:15AM	Nov Capacity utilization mm (%)	75.0	75.1	75.3
2:00PM	N/A FOMC rate decision (%)	0.50-0.75	0.625	0.375
Thursday, Dec 15				
8:30AM	Nov Core CPI mm, sa (%)	+0.2	0.2	0.1
8:30AM	Dec Philly Fed Business Index	21.5	9.0	7.6
8:30AM	Dec NY Fed manufacturing	9.0	4.00	1.50
10:00AM	Dec NAHB housing market indx	70	63	63
Friday, Dec 16				
8:30AM	Nov Housing starts number mm (ml)	1.090	1.230	1.323
8:30AM	Nov Building permits: number (ml)	1.201	1.240	1.260

© 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://mortgageratesweekly.com/scottkepler

We're here to help with all home mortgage needs.

With over 20 years of mortgage industry experience, Scott Kepler has helped thousands of families to purchase or refinance their homes. As a Mortgage Lender, Scott and his team are able to give families access to a variety of home loan options; after all, no two situations are the same.

Give Scott and his team a call today for a Free Mortgage Check-Up or Purchase Home Loan Pre-Qualification.

Offering financing for:
First Time Home Buyer
Conventional (Fannie Mae/Freddie Mac)
FHA
VA
USDA
Jumbo
Reverse
Renovation
Self Employed
Home Equity Loans/Lines of Credit
Credit Challenged / Alt-A
Investor or Second Home
Hard Money
Small Commercial

Scott Kepler 

© 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://mortgageratesweekly.com/scottkepler