

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

Staggeringly Big Rate Swings as Markets Remain Focused on Ukraine

Financial markets were already dealing with rapidly evolving Fed policy shifts, a big jump in rates, and a big drop in stocks. But after Russia invaded Ukraine, volatility has been on **another level**.

As far as the mortgage market is concerned, the **average 30yr fixed rate** experienced some of its biggest 2-way swings in more than a decade. The following chart shows the **change** in rates every 48 hours. This makes things more interesting because big moves in rates often take more than a day to play out.

That was the case at the start of this week as the combination of Monday and Tuesday brought the **biggest** 48hr drop in rates since our daily record keeping began in 2009. The only exception would be March 2020, and there are several good reasons to keep March 2020 out of comparisons.

To make the volatility demonstration **even more impressive**, by Thursday rates had moved higher at the fastest pace since 2013 (again, excluding March 2020). In fact, there was little change between Wed and Thu, so the big bounce back actually happened in only one day.

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	5.0997	-0.0345
30 YR Treasury	5.4580	-0.0178

Pricing as of: 11/17 2:54PM EST

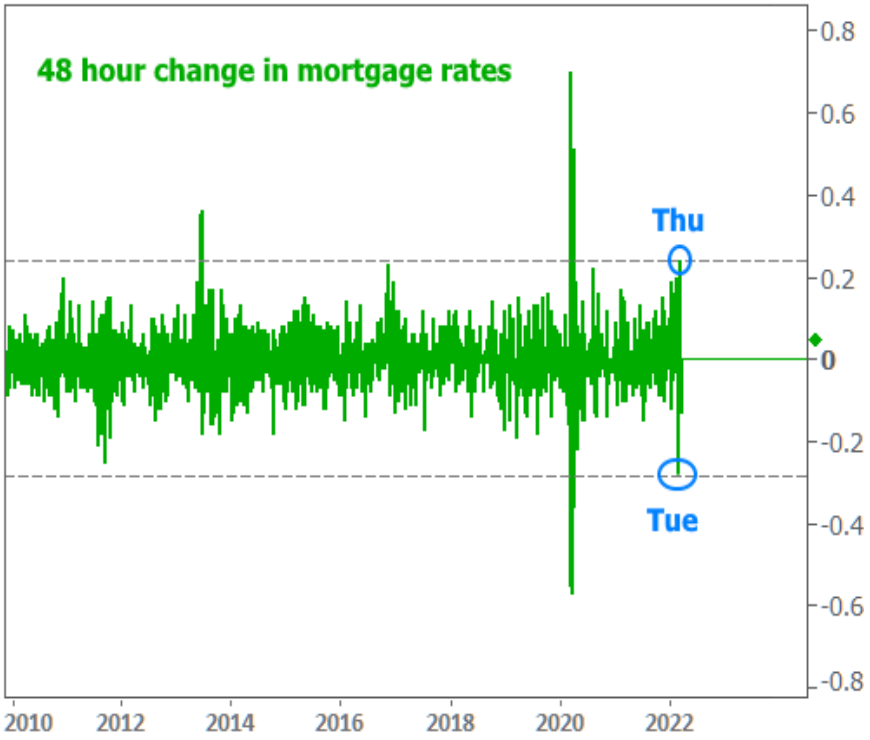
Recent Housing Data

		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



This means that prospective borrowers who chatted with loan officers about the recently lower rates on Tuesday were in for an unpleasant surprise less than a day later. Fortunately, things settled down very nicely by the end of the week, but it was a wild ride getting there.

How is the Ukraine invasion causing this volatility?

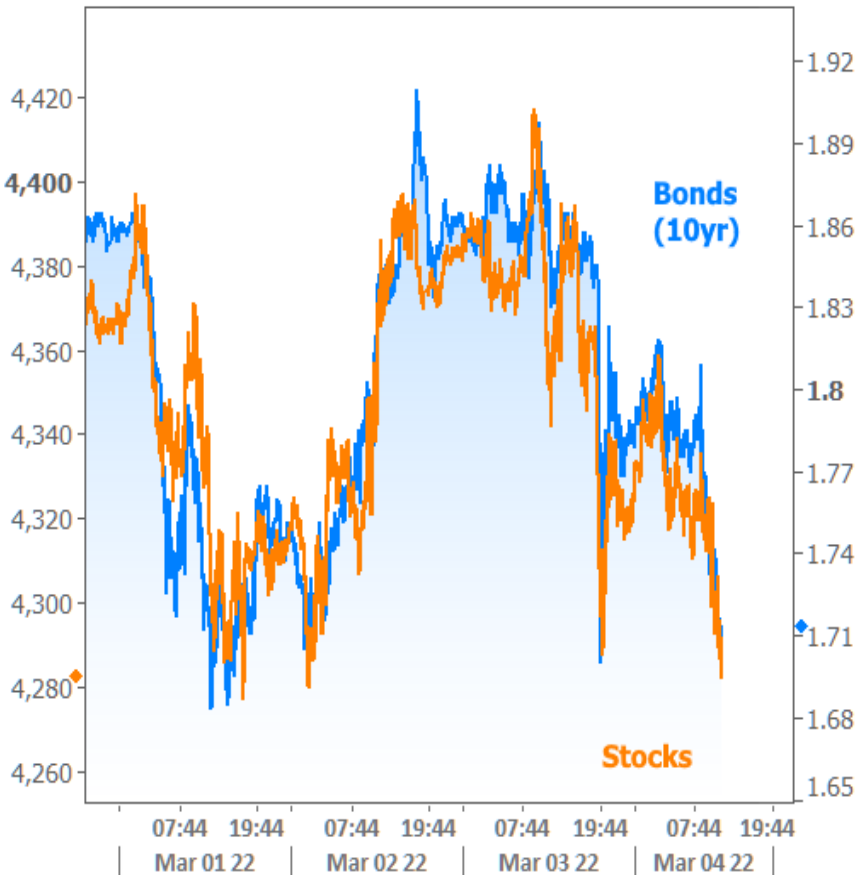
The easiest way to think about Ukraine's market impact is via the simple notion of **risk**. Generally speaking, high stakes geopolitical events create buying demand for safe haven assets like bonds and selling demand for riskier assets like stocks. Because bond yields fall when demand increases, the result is stock prices and bond yields moving together. During a fluid, highly uncertain situation such as the one in Ukraine, the market may rapidly alternate between hope and fear, risk aversion and risk tolerance.

That's exactly what happened during most of this week.

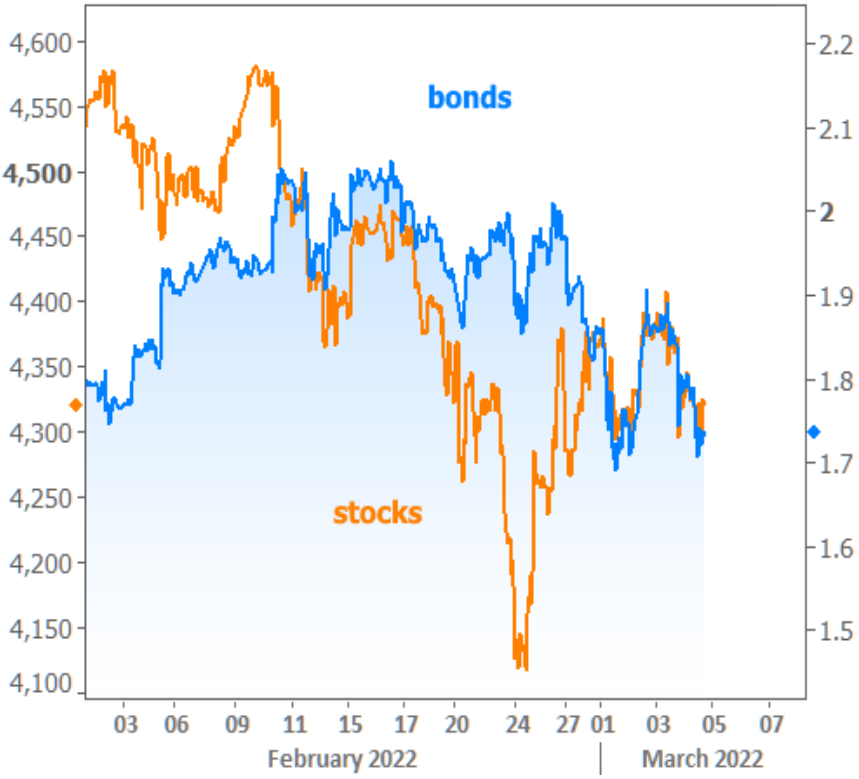
© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

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



As always, changing the time frame and y-axis scaling can highlight different trends. While the past 4 days line up quite well, if we zoom out on the same chart, the message changes a bit:

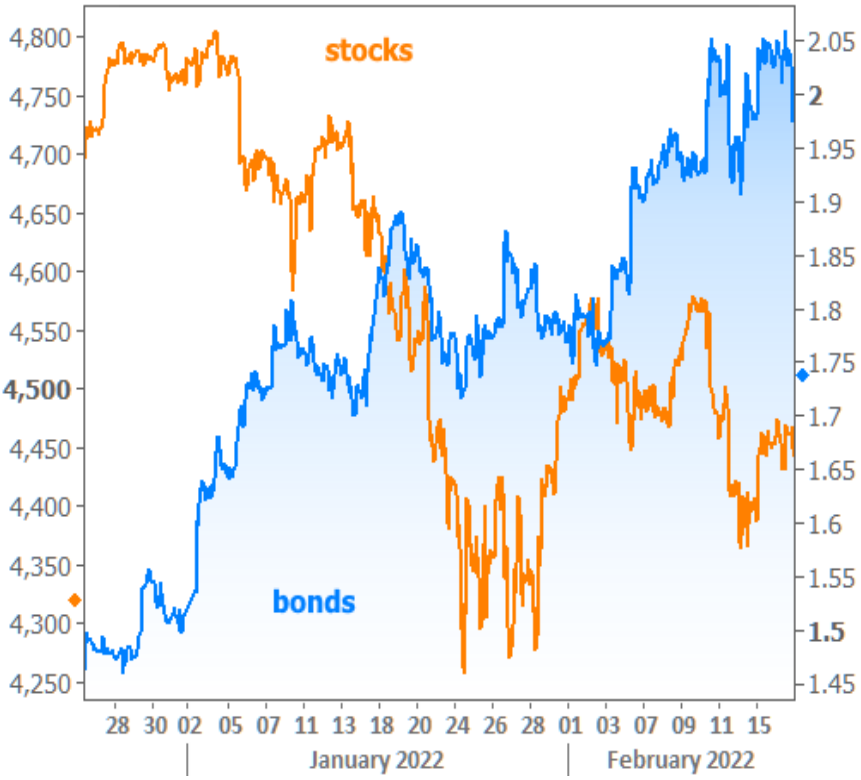


© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

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

Even on the 2nd chart, the lines have mostly been moving in the same direction since the first invasion warning in early February. This isn't always the case, as can easily be seen if we zoom in on the previous month of trading. In fact, we see stocks generally **falling** while bond yields are **rising**:



What's up with that?

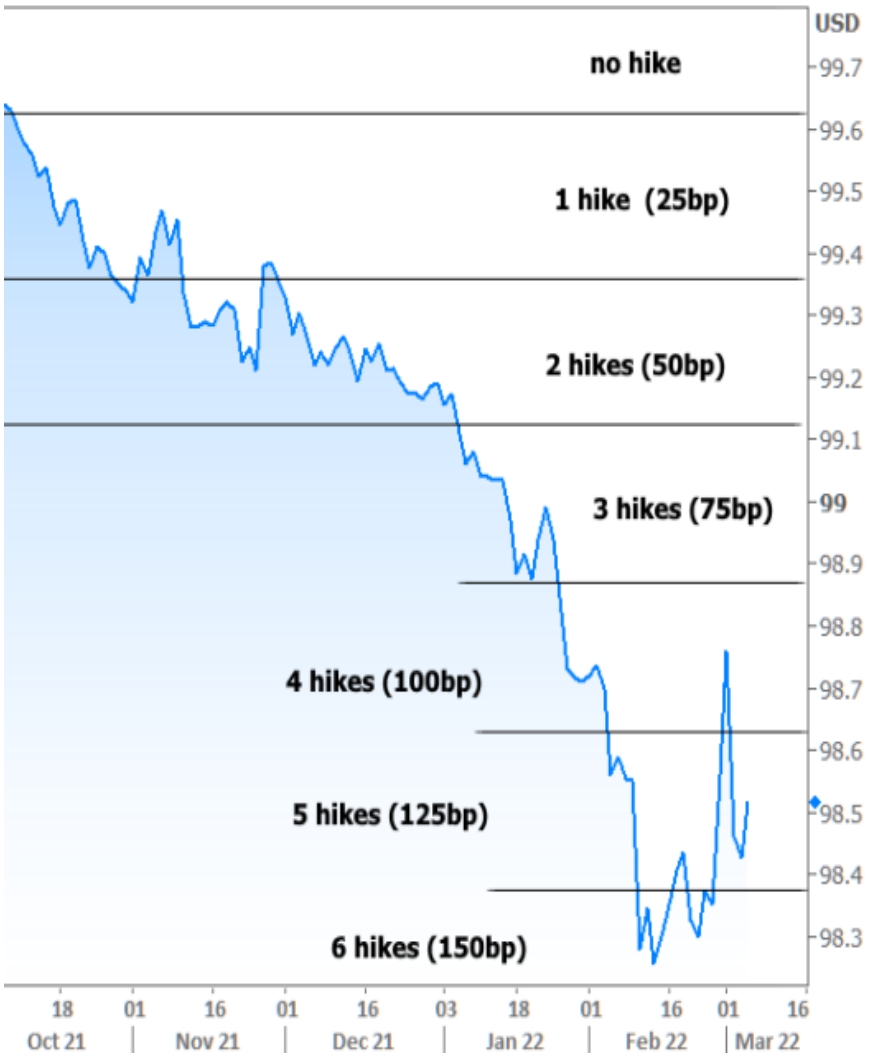
Stocks and bonds were moving in opposite directions in January because the market was adjusting to a less friendly Fed policy outlook. This hurt both at the same time. The fact that markets were highly focused on Fed policy **before** the invasion resulted in widespread questions as to whether anything about the Fed outlook might change in light of geopolitical risks.

Those questions are easiest to answer with a chart of Fed Funds Futures--financial instruments that allow the market to bet on the level of the Fed Funds Rate at a certain future date. The lower the line, the higher the market thinks the Fed's rate will be. Here's how the market has been betting on the Fed's rate by the end of 2022 (note: 25bp = 0.25%):

© 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



The chart above suggests the Ukraine invasion caused a **legitimate shift** in the Fed rate hike outlook, and it temporarily caused a **gigantic** shift early this week. Fed Chair Powell spoke to those expectations in scheduled congressional testimony this week. He confirmed that the outcome in Ukraine could impact Fed policy in a variety of ways, but more so in the way that wind causes ripples on the water. The underlying current, however, continues inexorably toward multiple rate hikes by the end of the year.

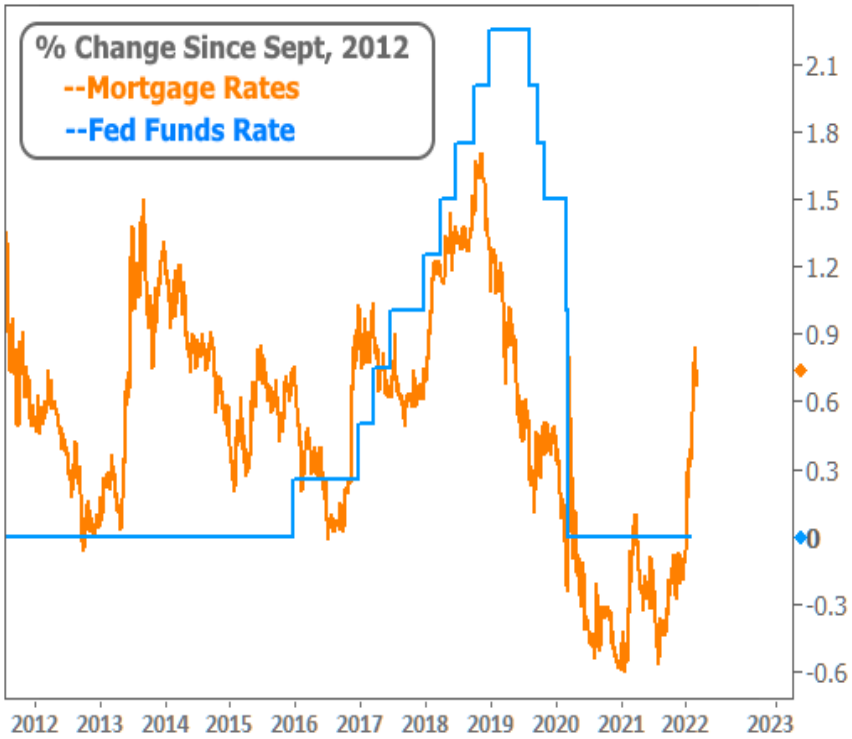
Are those rate hikes bad for mortgage rates?!

This question is also best answered with a chart. It shows the change in the Fed Funds Rate (the thing everyone's talking about when they say "the Fed is hiking rates!") versus the change in 30yr fixed mortgage rates since September 2012.

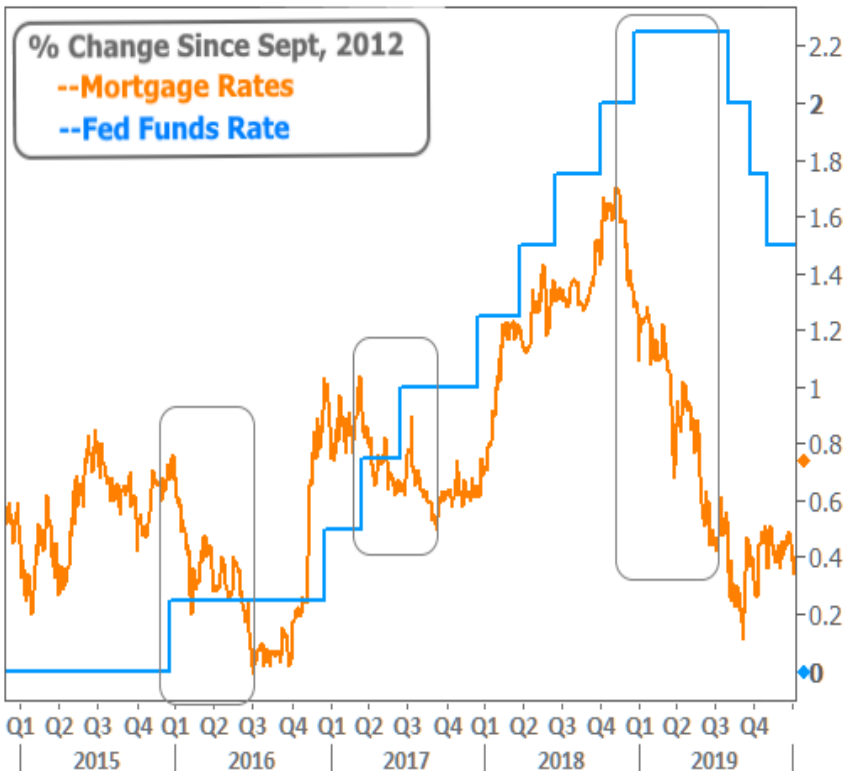
© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

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



The big spike in 2013 was the market's way of **preparing** for the Fed's **eventual** policy tightening. The process was painful, but it only took several months, and then it was over. Rates moved generally **lower** for the next 3 years. The rising rate trend in 2017 and 2018 was a bit more complex, but it had very little to do with the ratcheting up of the Fed Funds Rate. Moreover, there are several obvious examples of mortgage rates **falling** even as the Fed kept **hiking**.



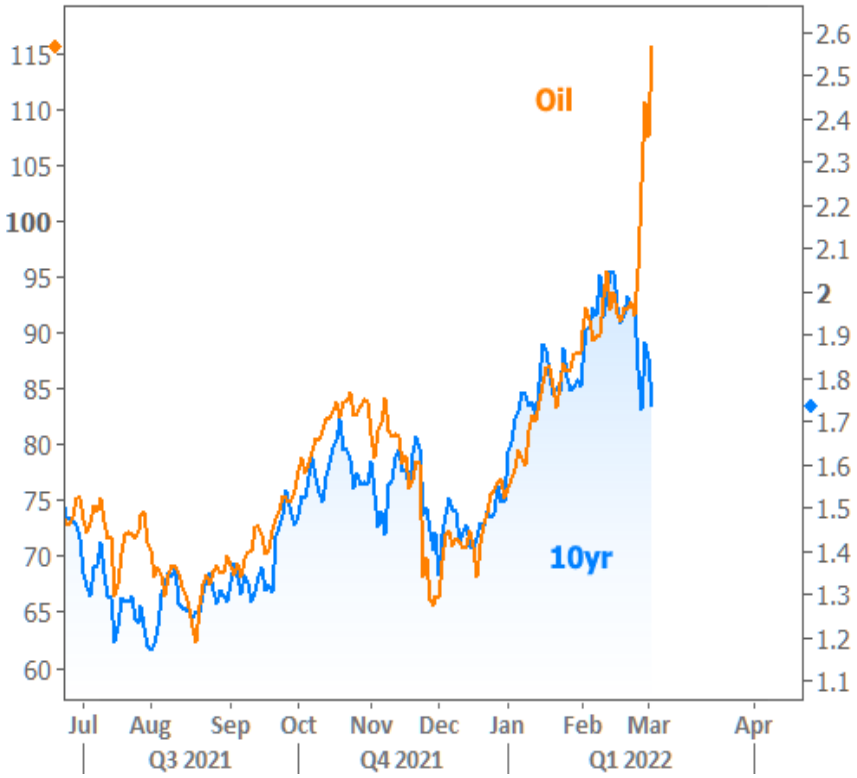
© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

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

So the question is **not** whether or not the Fed Funds Rate affects mortgage rates, but rather, whether the mortgage market has already adjusted enough to account for Fed policy changes. **The answer?** It depends (doesn't it always?) on how things go with the economy both at home and abroad. **Inflation** is the focal point in this uncertainty. More inflation means faster Fed rate hikes and vice versa.

That brings us **full circle** with the Ukraine-related rate volatility. The bond market has been pulled in two directions this week because the invasion has caused a huge spike in oil prices. While oil by no means dictates rate momentum, it **does** have a lot to say about inflation. As such, when the bond market is intently focused on inflation, oil prices and bond yields tend to line up fairly well as seen in the chart below.



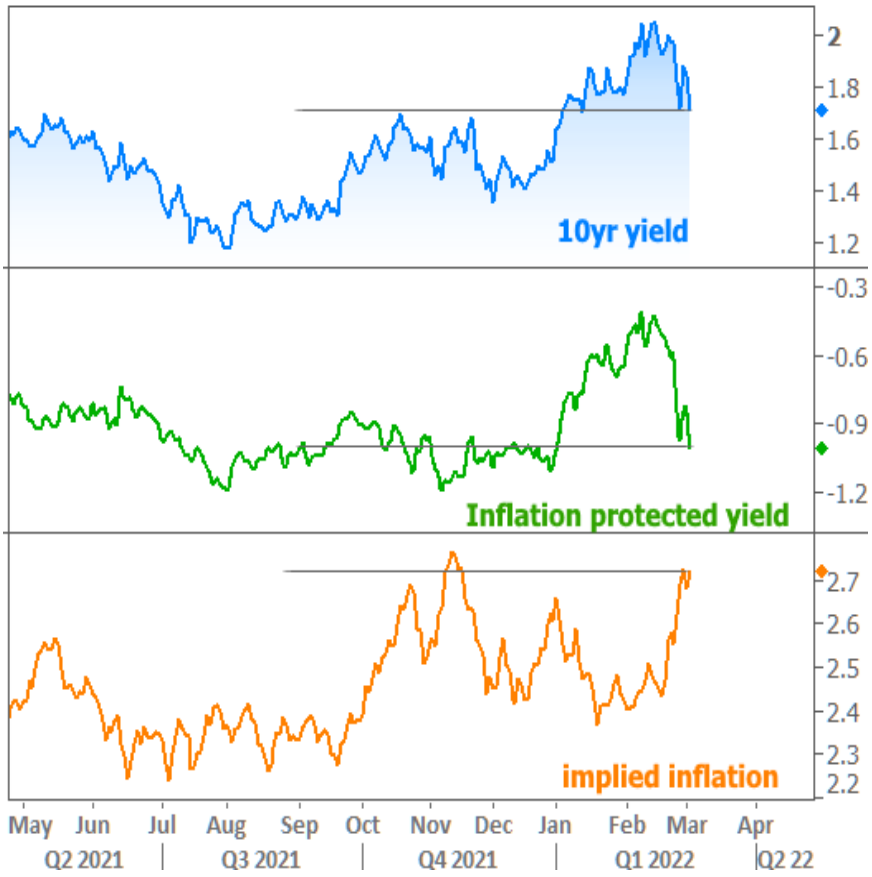
Clearly, the correlation between oil and bond yields broke down after the Ukraine invasion, but it's not because bonds stopped caring about the inflation impact. Rather, investor demand for the **safe haven** provided by bonds was so high that it simply **outweighed** the inflation implications. Thanks to the existence of inflation-indexed bonds, we can actually see both of these impacts play out separately.

The following chart shows regular old 10yr Treasury Yields in blue and the inflation-adjusted yield in green (where the 10yr would be if not for inflation). Subtracting one from the other gives us implied inflation (in orange), as seen by traders who are actually betting on it.

© 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



Long story short, the bigger visual drop in the green line versus the blue line gives us a better idea of how much demand has flowed into the bond market recently while the orange line confirms the oil price spike is indeed pushing inflation expectations higher.

Bringing it all together, if the Fed is in the process of tightening policy due to inflation, the Ukraine invasion doesn't really do much to change their mind. Fortunately, as we've seen, mortgage rates had already done a lot of the work of moving to higher levels in anticipation of the Fed's tightening cycle. Granted, they weren't necessarily done, but the gravity of the Ukraine invasion provided an obvious opportunity to take a break.

On that note, in case it needs to be said, although we like low rates, we definitely don't like everything that pushes rates lower (in fact, most of the time, it's the bad stuff). It's the nature of the this type of analysis to find ourselves discussing horrible events in the same sentence that we welcome a drop in mortgage rates. We'd **gladly** give up the recent rate rally to put an end to the violence.

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

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Feb 28				
9:45AM	Feb Chicago PMI	56.3	63.0	65.2
Tuesday, Mar 01				
10:00AM	Feb ISM Manufacturing PMI	58.6	58.0	57.6

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
10:00AM	Jan Construction spending (%)	1.3	0.2	0.2
Wednesday, Mar 02				
7:00AM	w/e MBA Purchase Index	246.3		250.7
7:00AM	w/e MBA Refi Index	1685.7		1677.7
8:15AM	Feb ADP National Employment (k)	475	388	-301
10:00AM	Powell Testimony			
Thursday, Mar 03				
8:30AM	w/e Jobless Claims (k)	215	225	232
8:30AM	w/e Continued Claims (ml)	1.476	1.475	1.476
10:00AM	Feb ISM N-Mfg PMI	56.5	61.0	59.9
10:00AM	Powell Testimony			
Friday, Mar 04				
8:30AM	Feb Average workweek hrs (hr)	34.7	34.6	34.5
8:30AM	Feb Average earnings mm (%)	0.0	0.5	0.7
8:30AM	Feb Unemployment rate mm (%)	3.8	3.9	4.0
8:30AM	Feb Non-farm payrolls (k)	678	400	467
Tuesday, Mar 08				
10:00AM	Jan Wholesale inventories mm (%)	0.8	0.8	0.8
1:00PM	3-Yr Note Auction (bl)	48		
Wednesday, Mar 09				
7:00AM	w/e MBA Purchase Index	267.6		246.3
7:00AM	w/e MBA Refi Index	1829.7		1685.7
Thursday, Mar 10				
7:45AM	ECB Statement (Press Conf. 830am)			
8:30AM	Feb Consumer Price Index (CPI) (%)	0.8	0.8	0.6
8:30AM	Feb Core CPI (Annual) (%)	6.4	6.4	6.0
8:30AM	Feb CPI (annual) (%)	7.9	7.9	7.5
Friday, Mar 11				
10:00AM	Mar 1yr Inflation Outlook (%)	5.4		4.9
10:00AM	Mar 5yr Inflation Outlook (%)	3.0		3.0
10:00AM	Mar Consumer Sentiment	59.7	61.4	62.8
Tuesday, Apr 12				
1:00PM	10-yr Note Auction (bl)	34		
Wednesday, Apr 13				
1:00PM	30-Yr Bond Auction (bl)	20		

© 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