



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
Fax: 813.200.1116
scott@scottkepler.com
[View My Website](#)

Lowest Mortgage Rates in Weeks After Fed Hikes Rates. Here's How That Works...

The implication of "Fed rate hikes" is a constant source of confusion in the housing market. The general belief is that the Fed controls rates and if they're hiking, then rates are going higher. That's not exactly how it works.

Let's leave aside the question of the Fed's control for another day. It's a fairly circular and philosophical debate (chicken/egg kinda thing) with no real relevance to today's mortgage rate movement). Instead, let's focus on why today's Fed rate hike coexists with [mortgage rates](#) moving lower.

The Fed hike the Fed Funds Rate. That applies to loans between large institutions for period of less than a day. By influencing the cost of the shortest-term capital at the highest levels, the Fed is attempting to cool demand for goods and services, thereby reducing inflation.

Mortgage rates apply to loans that last more than 5 years on average (before the home is sold or the loan is refinanced). That means they serve a very different purpose for investors and can move quite differently versus shorter-term debt. But this isn't even the biggest reason for the disconnect.

The most obvious reason that a Fed rate hike can coexist with lower mortgage rates is that the bond market already knew the Fed was going to hike and had long since priced that in to the present level of rates. It would be different if the Fed could hike rates any time, any day, but there are only 8 meetings per year that result in rate changes. That means the market has a lot of time to adjust its expectations in between those meetings.

Because the market had already accounted for the hike, all that was left was to react to the changes in the Fed's verbiage and the comments from Fed Chair Powell in the post-announcement press conference. That verbiage generally conveyed the possibility that this was the last Fed rate hike for a long time. Even if that possibility is heavily dependent on economic data, the bond market liked the fact that the Fed wasn't set on continuing to hike.

The average mortgage lender is down to the lowest levels in roughly 3 weeks. Additional gains will depend on the economic data in the coming days-- particularly Friday's jobs report and next week's Consumer Price Index (CPI).

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

National Average Mortgage Rates



| | Rate | Change | Points |
|----------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 6.89% | 0.00 | 0.00 |
| 15 Yr. Fixed | 6.33% | +0.01 | 0.00 |
| 30 Yr. FHA | 6.33% | +0.01 | 0.00 |
| 30 Yr. Jumbo | 7.05% | 0.00 | 0.00 |
| 5/1 ARM | 6.58% | 0.00 | 0.00 |

Freddie Mac

| | | | |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 6.77% | -0.09 | 0.00 |
| 15 Yr. Fixed | 6.05% | -0.11 | 0.00 |

Mortgage Bankers Assoc.

| | | | |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 7.00% | -0.03 | 0.60 |
| 15 Yr. Fixed | 6.63% | +0.07 | 0.61 |
| 30 Yr. FHA | 6.87% | -0.03 | 0.92 |
| 30 Yr. Jumbo | 7.13% | +0.02 | 0.38 |
| 5/1 ARM | 6.22% | -0.16 | 0.60 |

Rates as of: 7/22

MBS and Treasury Market Data

| | Price / Yield | Change |
|----------------|---------------|---------|
| MBS UMBS 5.5 | 99.41 | +0.01 |
| MBS GNMA 5.5 | 99.78 | +0.01 |
| 10 YR Treasury | 4.2535 | +0.0156 |
| 30 YR Treasury | 4.4729 | +0.0261 |

Pricing as of: 7/22 4:56PM EST

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

