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Market Update for July 24, 2023

Here's What You Need to Know About Current Mortgage Trends

Mortgage Rates May Stay the Same, For Now

If you've been keeping an eye on mortgage rate sheets, you've probably noticed they've been quite steady since last Friday. Why is this, you might ask? Well, the world of finance is waiting with bated breath for a significant event this week: a meeting of the Federal Reserve (or "the Fed," as we in the business like to call it). Until this meeting happens, it's expected that rates will stay pretty much the same.

This situation isn't likely to change today, as there's no major economic news expected that would disrupt the current status quo. Moreover, the Fed speakers have been rather quiet in anticipation of this week's meeting.

The Federal Reserve Meeting: A Turning Point?

The big question is what will happen to mortgage rates after this meeting on Wednesday. While it's uncertain if rates will improve, there's enough possibility that it could be wise for most loans to wait and see what happens post-meeting.

To give a bit of context, after the last Fed meeting when they decided not to increase rates, markets adjusted for future hikes as it was indicated that two more were likely to occur this year. As a result, we saw rates rise until early July but then decline slightly in the past couple of weeks. This fluctuation was because the Consumer Price Index (CPI) inflation data showed inflation is cooling, leading the markets to speculate that the Fed might increase rates only once more this year.

What Will the Fed Decide?

If Wednesday's meeting (and especially Fed Chair Jerome Powell's press conference afterwards) gives traders reason to believe that the Fed will stop raising rates after one more hike, we may see mortgage rates improve slightly. On the other hand, if the market starts to believe the Fed's message that at least one more hike is coming this year, we may see rates climb back to their early July levels.

What Does This Mean for Your Loans?

So, what should you do in this situation?

- If you're closing a loan in less than 15 days, it may be best to wait unless you are highly risk-averse and would prefer to lock in your rate ahead of the Fed meeting.
- For loans closing in 15-30 days, it's also recommended to wait and see what Wednesday's meeting brings us. Only consider locking in loans that could face issues qualifying if rates increase.

• Finally, for loans closing in 30 or more days, it's also suggested to wait, as there's no pressing reason to lock these loans given the current outlook.

Stay tuned for more updates after the Federal Reserve meeting on Wednesday.

About Today's Lock Commentary…

The views and commentary are provided by Ron Siegel, an industry veteran with certifications: CMA, CDLP, CLA, VMA. Ron is a radio host who studies the markets and reviews many rate reports daily.

Ron's view on rates comes from an Originator's point of view, seeing each loan as a real person with a real desire to save some money or improve their rate situation - not a hedge fund where we "manage risk" and "take some loans off the table".

In addition to hosting a daily, syndicated radio program since 2010, Ron is a Branch Manager with Geneva Financial and licensed under NMLS 217037.