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Today's Market Update for Feb 7, 2024

Understanding Today's Mortgage Market

Current Trends in Mortgage Rates

Good news for those keeping an eye on home financing: today's mortgage rates are looking better than yesterday. This improvement is thanks to a positive shift in the bond market, which often influences mortgage rates. You don't need to dive into the complex details, but it's good to know that these changes are partly due to some financial challenges faced by New York Community Bancorp, a regional bank. This situation has indirectly helped improve bond market conditions.

Why Today's Treasury Auction Matters

There's a big event happening today at 10 am PT (1 pm ET) - the 10-year Treasury auction. This is particularly significant because there's no other major economic news right now, and it's a record-breaking auction with \$42 billion on the line. The outcome of this auction could greatly affect bond markets and, consequently, mortgage rates. If the demand is low, it could negatively impact bonds later today.

Predicting Federal Reserve Actions

Mortgage rates are also closely tied to what the Federal Reserve might do with its rates. Currently, there's a growing belief in the market that the Fed might cut rates, and this expectation is helping to improve mortgage rates. Here's a quick comparison to give you an idea:

- In March, the likelihood of a rate cut has increased from 15% to nearly 25% since yesterday.
- For May, the probability jumped from 60% to almost 70%.





Guidance on Rate Locks

For those close to closing on their loans, here's my advice:

- **Loans Closing in Less Than 15 Days:** It's wise to stay flexible (or "float") for now, as bonds are showing signs of recovery which should favor better rate sheets in the coming days. However, keep an eye on today's Treasury auction for any significant changes.
- **Loans Closing in 15-30 Days:** Continue to float, but with caution. We've recently weathered a bit of a storm, and while recovery is on the horizon, unexpected factors like Monday's jobs data can still throw us curveballs. Next week's CPI inflation data will be crucial to watch.
- **Loans Closing in 30+ Days:** Floating is still a safe bet. There's ample time for things to shift in your favor, especially with the upcoming March Fed meeting and potential for a rate cut in May.

Final Thoughts

To all our past clients, friends, family, and colleagues, if you're considering buying, selling, or refinancing, remember that understanding these market movements can be key to making the best financial decision. And if you need guidance or have questions, I'm here to help. Let's navigate these waters together and find the best path for your home financing needs.

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.

