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Today's Market Update for Feb 8, 2024

Market Summary for Home Finance

Mortgage Rate Trends

Good morning, everyone! Let's talk about what's happening with mortgage rates. Recently, they've been inching up again. This isn't the best news, but don't worry, I'm here to break it down for you. There's a low chance of sudden changes in rates today. We're keeping an eye on a key event - the 30-year Treasury auction this afternoon, Pacific Time.

After a brief improvement early this week, we've seen rates slip back. It's a bit like a financial tug-of-war, and right now, rates are near their higher levels, testing the market's resilience.

Federal Reserve and Rate Cuts

The Federal Reserve (or the Fed, for short) plays a big role in this. Their decisions on interest rates can make mortgage rates go up or down. Right now, the likelihood of the Fed cutting rates in May seems lower than before. Why does this matter? Well, when the market thinks the Fed will cut rates, mortgage rates usually get better. Unfortunately, as the chance of a rate cut decreases, mortgage rates tend to increase.

Upcoming Inflation Data

Next week, we're expecting some important inflation data. If this report shows inflation cooling down, it could help improve mortgage rates. But, there's a bit of uncertainty. New ways of adjusting this data could throw us a curveball, just like it did last year. It's a bit like a weather forecast - sometimes unexpected changes can happen.





Current Probabilities

Let's look at the probabilities for a Fed rate cut:

- In March, there was a 25% chance yesterday, but today it's down to 15%.
- In May, we saw almost a 70% chance yesterday, but now it's about 60%.

Advice for Locking Rates

For those closing loans in less than 15 days, it's a bit of a gamble. Rates are better than the worst we've seen recently, but they're not as good as they were right after the Fed meeting. If you're okay with taking a risk, you might float your rate. But if you prefer playing it safe, consider locking in your rate.

For loans closing in 15-30 days, it's also a cautious situation. You'll need to decide whether to risk waiting for next week's data. It's hard to predict exactly how things will turn out.

And for loans closing in more than 30 days, there's still time. We're watching all the signs for a potential rate cut in May.

Remember, I'm here to help guide you through these decisions. If you have friends, family members, or co-workers looking to buy, sell, or refinance, feel free to refer them my way. I'm always here to provide friendly and knowledgeable assistance in navigating the home finance world!





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.

