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Market Update for Jan 9, 2024

Market Summary: Simplified for Easy Understanding

Current Mortgage Rate Trends

Today's mortgage rates are roughly the same or slightly higher than yesterday, but not by much. The likelihood of significant rate changes today is low. Bonds began the day with some losses but have been improving, continuing a recent trend. We're anticipating rates to stay stable until Thursday's important inflation data is released.

Federal Reserve's Influence

Currently, there's a 60% chance that the Federal Reserve (Fed) will lower interest rates in March. The market also expects the Fed to slow down its balance sheet reduction. This process, known as quantitative tightening, usually increases mortgage rates. After a brief change in market sentiment last Friday, expectations have shifted back to anticipating the Fed to take actions that will help maintain current mortgage rates.

Despite Federal Reserve officials emphasizing that it's premature to declare a win over inflation and to start cutting rates, the market seems to be overlooking these cautions. Even comments from Fed officials like Raphael Bostic and Michelle Bowman haven't significantly influenced these expectations.





Guidance for Different Loan Timelines

- **Loans Closing in Less Than 15 Days:** If your loan is closing soon, you might want to stay flexible ("float") but be ready to lock in a rate, especially with the upcoming inflation data. If the data later this week is positive, rates might decrease a bit.
- **Loans Closing in 15-30 Days:** Those with loans closing in this timeframe can also afford to be flexible. Only those who are very cautious about risk should consider locking in their rate now. The bond market's resilience is a good sign for stable or lowering rates.
- **Loans Closing in 30+ Days:** If your loan is closing after 30 days, you have more time to observe market trends. It's safe to float and watch how the inflation data and the next Fed meeting at the end of the month affect rates. While we expect rates to eventually fall in 2024, there might be some temporary increases before that happens.

Final Thoughts

Understanding mortgage rates and market trends can be complex, but staying informed helps in making the best decision for your home finance needs. Whether you're looking to buy, sell, or refinance, staying updated with the latest market insights is crucial. And if you have friends, family members, or co-workers who need guidance in these areas, feel free to refer them for reliable and informed advice.

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.

