

YOUR MONTHLY  
REAL ESTATE UPDATES



**HOMEGROWN  
TEAM**  
EDUCATE • PROTECT • SUCCEED

+



DECEMBER 2024

## UNDERSTANDING MORTGAGE RATE VOLATILITY:

### WHAT IT MEANS FOR YOU

If you've been keeping an eye on mortgage rates, you may feel like the changes are constant and unpredictable. Rates rise and fall in response to a variety of economic and global factors, creating uncertainty for those navigating the housing market. While this environment can feel overwhelming, understanding the key drivers behind these shifts can provide clarity and help you make informed decisions.



[HOMEGROWNTTEAM.COM](https://homegrownteam.com)



@homegrownteam



## THE ELECTION AND FINANCIAL MARKET REACTIONS

Election seasons often create ripples across financial markets as investors react to the anticipated policies of new leadership. This year, those reactions are contributing to shifts in mortgage rates. The National Association of Home Builders (NAHB) explains:

“. . . the primary reason interest rates have been on the rise pertains to the uncertainty surrounding the presidential election. Although the election is now complete, there continue to be growing concerns over budget deficits.”

In addition to political outcomes, global factors like international tensions and trade policies play a role. When uncertainty increases, investors often turn to safer assets like bonds, which can indirectly affect mortgage rates. The bottom line: volatility may persist in the near term as markets adjust to new developments.

## THE FEDERAL RESERVE’S INFLUENCE ON MORTGAGE RATES

While the Federal Reserve (the Fed) doesn’t set mortgage rates, its actions significantly influence them. The Fed’s focus on controlling inflation and maintaining economic stability means their rate adjustments ripple through the broader financial system. In their most recent meeting, the Fed made another cut to the Federal Funds Rate. While this action was expected, mortgage rates dipped slightly in response. Still, predictions suggest the Fed may take a measured approach moving forward. According to Mark Daker of Ameris Bank:

“The Mortgage Bankers Association, along with multiple other predictions, now estimate the Fed will not be as aggressive with cutting rates as had been predicted. Consequently, many of these predictive entities are now suggesting we may see interest rates continue to trade in their current range for much of next year.”

This means mortgage rates are likely to remain relatively stable in the short term, though unexpected economic developments could shift this outlook.

## INCREASED CONSUMER AWARENESS OF RATES

A notable trend in today’s housing market is how sensitive consumers are to rate changes. Even slight fluctuations can significantly impact buyer activity. As Mark Daker observes:

“You can almost perfectly track interest rate decreases with an increase in housing sales. . . . This uptick in housing activity aligned almost identically with interest rates falling in that window of time.”

## LOOKING AHEAD

Mortgage rates will continue to respond to evolving economic conditions, including inflation trends, Federal Reserve decisions, and global developments. While predictions suggest rates may trade within a stable range, market volatility is always a possibility. As The Mortgage Reports explains:

“Today’s economic indicators come with mixed pressures on mortgage rates, and we’re likely to be in for a good amount of volatility as markets adjust and respond.”

Keeping Current Matters Article

