



## What the Fed's Latest Rate Increase Means for Mortgage Rates

You may have seen that the Federal Reserve recently increased its benchmark interest rate by 0.25%. Whenever the Fed makes a move like this, one of the first questions people ask is, "What does this mean for mortgage rates?"

The answer is not as straightforward as many headlines make it seem.

While the Fed's decision can influence borrowing costs throughout the economy, mortgage rates do not move directly with the federal funds rate. Mortgage rates are driven largely by inflation, the bond market, and investors' expectations about the future. In many cases, mortgage rates have already adjusted before the Fed makes its announcement because financial markets are constantly anticipating what comes next.

The Fed's latest increase tells us that officials remain concerned about inflation and want to continue working toward their long-term goal of price stability. They have also indicated that additional rate increases could be possible if inflation remains stubborn.

From a mortgage perspective, the focus should be less on this single Fed announcement and more on the overall direction of the economy. If inflation begins to ease and economic growth slows, mortgage rates could stabilize or improve. If inflation remains elevated, rates may stay higher for longer.

The most important thing to remember is that waiting for the "perfect" interest rate can be risky. Home values, inventory levels, and personal financial goals are often just as important as the interest rate itself.

If you're considering buying a home, refinancing, or just want to better understand your options in today's market, I'm always happy to help.



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