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is why average 30 year fixed mortgage rates went back to the 7% APR range. After the CPI numbers came out, the bond market rallied and the 10 year bond yield went back to 4.6%, which caused 30 year fixed mortgage rates to come back down to 6.75% APR range, well above where rates need to be for the housing markets to start humming again. I still think 30-year fixed mortgage rates need to be closer to 5% for potential sellers to get off the fence and increase the amount of inventory to meet the current strong demand for housing.

Since June of 2021, roughly 50% of mortgage loan originators have left the mortgage industry. The average mortgage loan originator is closing 1 loan a month in the current high rate/low inventory environment. This is not a sustainable way to make a living, which is the reason so many in my industry have had to find other means of employment in the last 3.5 years. This down market in the mortgage industry is worse than when we were coming out of the Great Recession of 2008. I have mentored some new originators over the past few years, since the end of the pandemic, and all of them are struggling to close any transactions. Some of them have been forced back into their prior jobs and industries. The primary reason I am still able to originate mortgages at a more sustainable clip is that I have 28+ years' experience and

have been building my own book of business for the past 25+ years. Without my existing client base and referral network, I would also have to find another means of income. I cannot thank you all enough for your continued support as I navigate another volatile chapter in my industry. I will continue to be a resource for you and your referrals through another crazy year!

If you are curious to see how you can use the current market conditions to your benefit, please reach out for a free consultation. Stay tuned here for future updates and feel free to reach out for a free consultation if you want to understand more about interest rates and mortgage products.

As always, your mortgage guy,

Viral (Vic) Joshi
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Vic's Mortgage Report

"Home of REAL Mortgage Advice®"



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MORTGAGE
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My mission is to help buyers qualify for the best loan available for their circumstance. I spend a generous amount of time with each client to educate them about how the mortgage industry works, through free "Mortgage 101" consultations, so they can make good decisions and get the best loan possible. I've revamped my website to give clients the best resources to supplement my consultations.

When I'm not doing loans, I'm an avid scuba diver and certified Rescue Diver. Eventually, I'd like to become a dive instructor, so I can share the joys of this ocean sport with others.

I give back to the Monterey Bay Aquarium, Divers Alert Network (DAN), and the National Outdoor Leadership School (NOLS).

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With thanks and gratitude to you all!



Hi Friends,

2025 is starting out with the markets predicting mortgage rates to stay elevated through 2025, between 7% APR and 6% APR. One Zillow economist is predicting average 30-year fixed mortgage rates to fall only as low as 6.5% APR by the end of 2025. It feels to me like potential home buyers are realizing that there will not be a significant rate drop soon and are back out in force to start the new year. The week of January 13th 2025 saw an uptick in mortgage inquiries for my business, even exceeding the demand from prior to the holidays. The pent-up demand for housing may have finally come to terms with the current rate environment. Home buyers seem to be accepting that there is no way to accurately time the market in the current high rate/low inventory environment.

The Federal Reserve is keeping their options open as far as their rate decisions are concerned. The unpredictability of Trump's economic plans has caused the Fed to take a more cautious approach to cutting their target interest rate, the Fed Funds. The new consensus amongst the voting Fed members is for .5% in rate cuts in 2025, with the option to not cut rate at

all, depending on what happens with the Trump tariffs. The Trump tariffs are likely inflationary since they will increase the cost of everyday goods to consumers. The Fed may have to pause on their rate cuts or even increase the Fed Funds rate again if the Trump tariffs spark another round of inflation. All these possibilities are not good for the bond market, which in turn will not be good for mortgage rates.

On the other hand, if the new tariffs are muted and don't rock the inflation boat too much, inflation seems to be steadily heading towards the Fed's 2% target. January saw some mixed results with the PPI reading coming in slightly hotter than expected while CPI came in slightly cooler than expected. The shelter component of the inflation readings is trending downward due to lower housing rent prices. Once the lower cost of housing is fully felt in the inflation numbers, we should be back to the Fed's 2% target and that would be great for the bond market, which would help lower mortgage rates. If we get to the 2% target, don't be surprised if the Fed cuts .75% - 1% off the Fed Funds rate in 2025.

The 10 year treasury bond yield floated back up to 4.8% in January 2025 which
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