

## Events Solidify Charlottesville Mortgage Rate Speculation

Last week there was another interest rate development—though it was a slightly whipsawed kind of development. Since mortgage interest rates are so important to the bottom line in all but all-cash Charlottesville residential home sales, the direction rates are headed is something worth watching closely.

Last Wednesday was one of those days that come about twice a year. It was the occasion when the Federal Reserve Chairman is called upon to testify before Congress. The date is set as a biannual marker for revealing what's likely to lie ahead for interest rates. If the Fed is going to decide to raise the Fed Funds rate, it's usually the single strongest pointer to higher mortgage interest rates. All things being equal, that would eventually slow Charlottesville's real estate market activity by making mortgage payments more expensive.

As the appointed hour for the testimony neared, *Reuters* weighed in early. At about 8:30 in the morning, they reacted to the advance copy of Chairman Yellen's prepared remarks. *Reuters* reported on some key paragraphs citing the continued gathering strength of the economy—which would, therefore, “warrant gradual increases in the federal funds rate over time.”

Not great news for Charlottesville mortgage rate watchers—or was it? Reading more closely, there were those “gradual” and “over time” phrases. Wouldn't that lead one to think the raises would be slow and gradual? Possibly *more* slow and gradual than previous Fed hints had led us to believe?

Ninety minutes later came the actual testimony, followed by questioning from the congressional committee. *CNBC* saw good news for Charlottesville mortgage applicants: “Fed stands ready to slow down rate hikes” was their takeaway. Sooooo, the Fed was going to raise the Fed funds rate (bad), but more slowly than expected (good).

But by the end of the week, the picture was a little clearer. Summing up last Friday, the *Mortgage News Daily* pointed to newly released retail sales and consumer inflation reports as “economic data that coincides with rates moving lower.” And despite anything the public hearing had produced, in *MND*'s opinion, “the Fed is less likely to flip the switch on those plans.”

Sure enough, by the close of business, they were able to headline “**Mortgage Rates End Week at Best Levels.**” So Charlottesville buyers and sellers could head into the weekend with few worries about interest rates, which remain at appetizingly low levels. If you are thinking of taking a look at some of the terrifically affordable Charlottesville home buys they make possible, today would be a good time give me a call!



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**SETH BATTON**

REALTOR, ABR®, e-PRO®

Born and raised in the Shenandoah Valley of Central Virginia, I love everything outdoors. Most of my free time is spent hiking, rock climbing, playing water sports, or cooking out on the back deck with friends. As a child, my parents built me with the core values of a southern gentleman. Trust starts with honesty and honesty builds integrity. I'm a technology guru! One of my favorite hobbies is restoring old homes in depressed neighborhoods to meet the needs of our generation today. My mission is to build a career worth having, a business worth owning, and a life worth living.

I'm an Accredited Buyer's Representative (ABR) with the National Association of Realtors. Which means I have extensive training to help walk you through the home buying process from start to finish. From lenders and home inspectors to mortgage agents and closing companies, together we will find the best home for your family's needs!

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