Mid Valley Financial
Mortgage Banker, Since 1985
Broker CA DRE#01206057 | NMLS ID#219418
7644 N. Palm Avenue Fresno, CA 93711

Office: (559) 432-8221
Mobile: (559) 432-8221
info@mvloans.com
View My Website

Don't Be Fooled By Trade War News

This week's most prominent news was the so-called "official" beginning of the trade war between the U.S. and China. For something so official, it left much to be desired in terms of market movement. Let's sort out what's real, what's not, and where our focus should be.

So is there a trade war?

Yes, to whatever extent new U.S. tariffs on Chinese imports and China's retaliatory tariffs on U.S. imports constitute a trade war, it's now official.

Why isn't that big news?

These tariffs were announced in the middle of June. Markets have been bracing for impact ever since. This week simply marks the start of enforcement at the operational level.

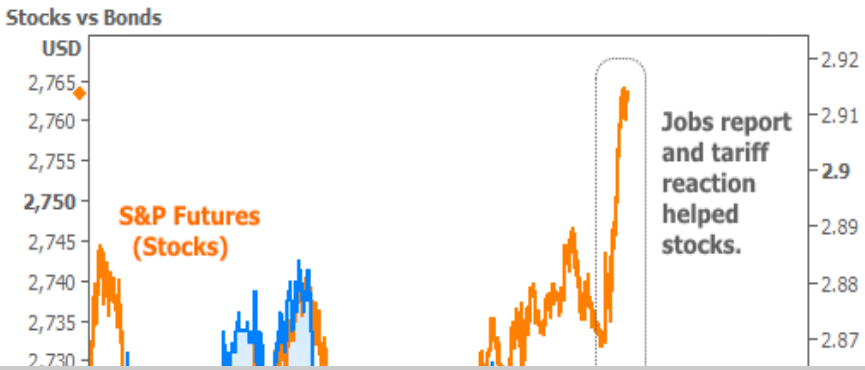
And China retaliated?

After the mid-June announcement from the U.S., China immediately threatened to retaliate with an equal amount of tariffs. With the U.S. making things official this week, China simply did the same.

What was the reaction?

Because the "official" news was so old and so clearly spelled out, there wasn't much left for financial markets to do besides watch how other investors were trading. After fearing the worst, traders saw that other traders weren't panicking. With additional help from Friday morning's jobs report, stocks moved quickly higher.

That improvement can be seen at the top of the following chart. The lower 2 sections of the chart put this week's movement in perspective.



National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.33%	-0.12	0.00
15YR Fixed	6.89%	-0.10	0.00
30YR FHA	6.95%	-0.10	0.00
30YR Jumbo	7.44%	-0.06	0.00
7/6 SOFR	6.81%	-0.19	0.00
30YR VA	6.97%	-0.10	0.00

Rates as of: 11/20

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.51	+0.41
10 YR Treasury	4.9403	-0.1033
30 YR Treasury	5.3324	-0.0738

Pricing as of: 11/20 5:59PM EST

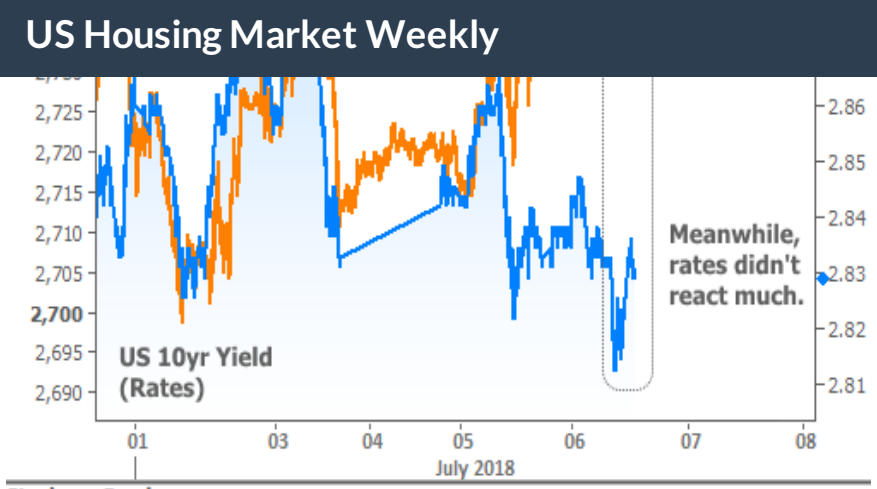
Recent Housing Data

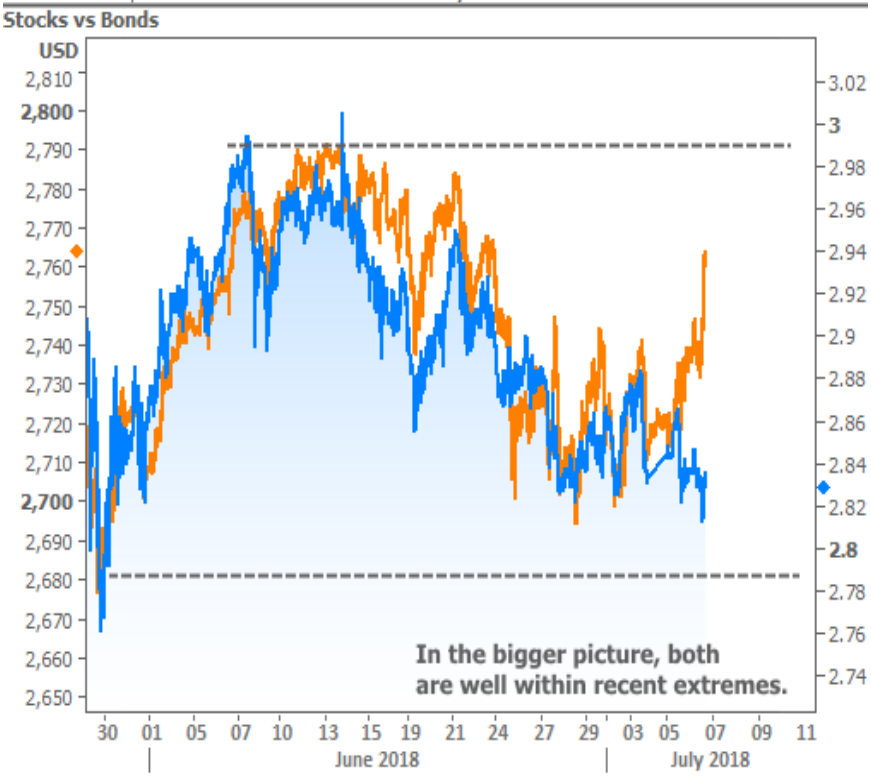
		Value	Change
Mortgage Apps	Nov 11	199.8	-2.35%
Building Permits	Oct	1.3M	-7.5%
Housing Starts	Oct	1.31M	+7.21%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Oct	63	-4.69%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Nov	25	-13.79%

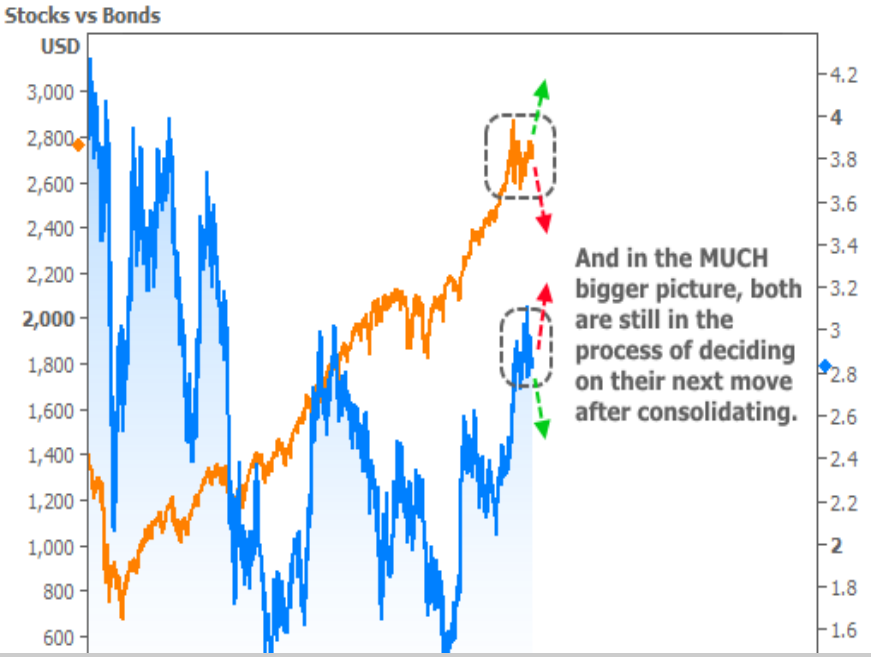
© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingne.ws/mvloans



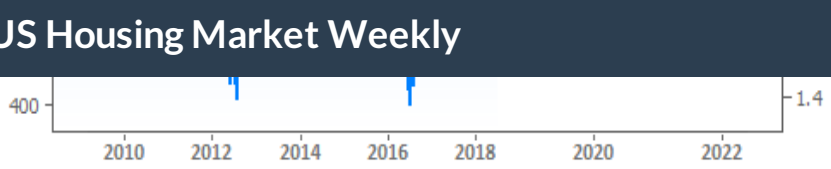




© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingne.ws/mvloans



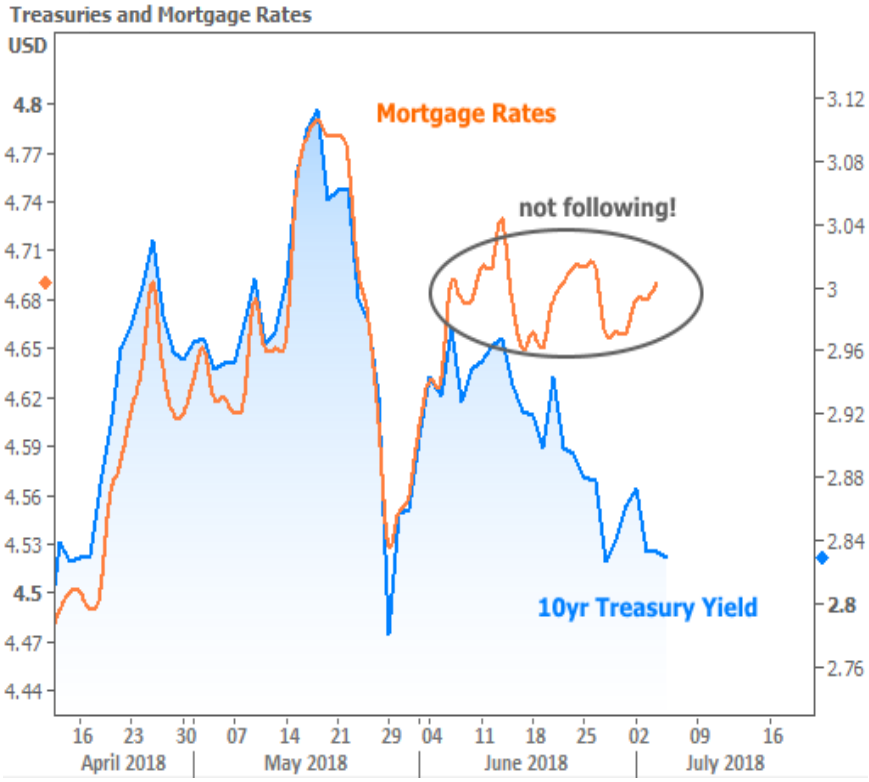
In other words, both stocks and bonds are still very much inside their CONSOLIDATION patterns that we discussed in last week's newsletter.

What's up with that? What does that have to do with the trade war?

Markets remain in those consolidation patterns because a "trade war" is a **concept**. While dollar amounts can be attached to policy changes, both sides have threatened additional tariffs. The tariff amounts could easily change. More importantly, even if the amounts were set in stone, markets still can't be sure of the long-term effects.

Was there any damage? Can you relate this to the housing/mortgage market?

Unfortunately, mortgage rates have been one of the notable casualties of the recent volatility. Unlike US Treasuries, whose prices/rates are set by supply and demand in the open market, mortgage rates are only MOSTLY based on supply and demand in the open market! Volatility costs lenders money, which is one reason mortgage rates haven't been able to follow Treasuries' lead since mid-June:



Another factor is the structure of the bond market and the typical behavior of mortgage borrowers. By "structure," I'm referring to the array of available maturities (i.e. 2yr, 5yr, 10yr, 30yr Treasuries). Investors treat these maturities differently over time. At present, longer maturities are in fashion and shorter maturities are being shunned. Simply put: everyone wants to own 10 and 30-year bonds as opposed to the sub-5yr stuff.

And how does that affect mortgage rates?

Mortgage rates are based on Mortgage-Backed-Securities (MBS). These are the bonds that groups of mortgages "turn into," essentially. They're then traded among investors on the open market (like corporate bonds or municipal bonds, etc.).

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingne.ws/mvloans

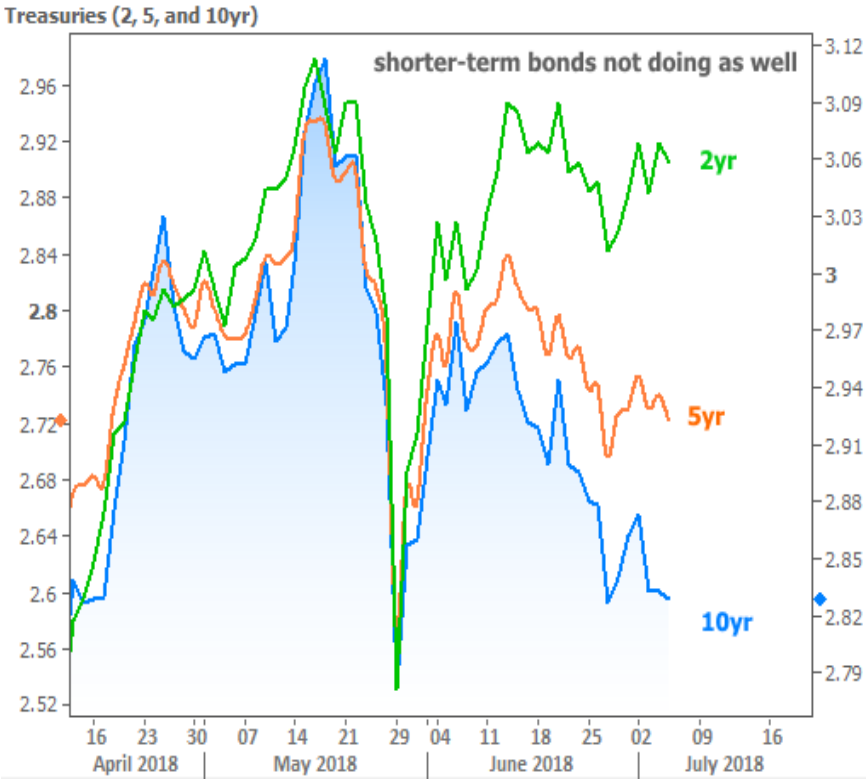
In deciding whether a certain bond is a good investment, traders use Treasuries as a yardstick. Treasuries are good for that purpose because they are virtually risk-free, abundant, actively traded, and exceedingly simple.

Duration (the length of time a bond will last) is one of the most important points of comparison. Bonds that last about 10 years are considered against 10yr Treasuries; those that last 2 years against 2yr Treasuries, and so on.

Most bonds have a set duration, making the comparison very easy. But MBS are naturally dependent on human behavior. If rates fall, people may refinance in greater numbers. That would cause the average duration to decline.

While we can't know if rates are about to fall in general, we **do** know that analysts **don't** anticipate the average mortgage will stick around for 10 years. To put it more simply, mortgage-backed-securities (and thus, mortgage rates) aren't keeping pace with the 10yr Treasury yield because they're seen as having a shorter duration in an environment where longer duration is in favor.

A chart of shorter versus longer maturities in Treasuries helps paint the picture.



OK, last question: why aren't investors worried about mortgage rates moving higher, thus making duration INCREASE? Wouldn't increased duration be good for rates in this environment?

Great point! If investors thought MBS would last more than 10 years, mortgage rates wouldn't be lagging as much. But they'd still be lagging due to lender strategy. Lenders are operating on very thin margins and the cost associated with guaranteeing rate locks is higher amid uncertainty and market volatility. Those costs are passed on to borrowers in the form of higher rates.

Additionally, investors have already done a lot to value bonds based on higher rates looking nearly inevitable for most of the past 2 years. As the trade war raises doubts about that inevitability, investors are shifting to account for the risk that rates could actually fall enough to stir up refi demand (and thus, shorter durations for MBS).

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingne.ws/mvloans

It's a bit abstruse, but the moral of the story is that the "possibility of low rates in the future" is a competitive disadvantage today. Tying this all together, we can definitely count the trade war narrative as a key source of uncertainty and a key reason for consolidations seen in stocks and bonds. As its effects become clearer, so too will the next wave of momentum in rates.

Subscribe to my newsletter online at: http://housingne.ws/mvloans

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Jul 02				
10:00AM	Jun ISM Manufacturing PMI	60.2	58.4	58.7
10:00AM	Jun ISM Mfg Prices Paid	76.8	77.0	79.5
10:00AM	May Construction spending (%)	+0.4	0.5	1.8
Tuesday, Jul 03				
9:45AM	Jun ISM-New York index	785.0		782.5
10:00AM	May Factory orders mm (%)	+0.4	0.0	-0.8
Wednesday, Jul 04				
12:00AM	Independence Day			
7:00AM	w/e Mortgage Refinance Index	996.0		1015.9
7:00AM	w/e MBA Purchase Index	245.5		244.3
Thursday, Jul 05				
8:15AM	Jun ADP National Employment (k)	177.0	190	178
8:30AM	w/e Jobless Claims (k)	231	230	227
10:00AM	Jun ISM N-Mfg PMI	59.1	58.3	58.6
10:00AM	Jun ISM N-Mfg Bus Act	63.9	60.9	61.3
2:00PM	FOMC Minutes			
Friday, Jul 06				
8:30AM	Jun Average earnings mm (%)	+0.2	0.3	0.3
8:30AM	Jun Non-farm payrolls (k)	+213	195	223
8:30AM	Jun Unemployment rate mm (%)	4.0	3.8	3.8
8:30AM	May International trade mm $ (bl)	-43.1	-43.7	-46.2
Tuesday, Jul 10				
1:00PM	3-Yr Note Auction (bl)	33		
Wednesday, Jul 11				
7:00AM	w/e MBA Purchase Index	261.5		245.5
7:00AM	w/e Mortgage Refinance Index	958.5		996.0
8:30AM	Jun Producer Prices (%)	0.3	0.2	0.5
8:30AM	Jun Core Producer Prices YY (%)	2.8	2.6	2.4
10:00AM	May Wholesale inventories mm (%)	0.6	0.5	0.5
1:00PM	10-yr Note Auction (bl)	22		
Thursday, Jul 12				

Event Importance:

No Stars = Insignificant
☆ Low
★ Moderate
★★ Important
★★ Very Important

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingne.ws/mvloans

Date	Event	Actual	Forecast	Prior
8:30AM	Jun CPI mm, sa (%)	0.1	0.2	0.2
8:30AM	Jun Core CPI Year/Year (%)	2.3	2.3	2.2
8:30AM	w/e Jobless Claims (k)	214	222	231
1:00PM	30-Yr Bond Auction (bl)	14		
Friday, Jul 13				
8:30AM	Jun Import prices mm (%)	-0.4	0.1	0.6
8:30AM	Jun Export prices mm (%)	0.3	0.2	0.6
10:00AM	Jul 5yr Inflation Outlook (%)	2.4		2.6
10:00AM	Jul 1yr Inflation Outlook (%)	2.9		3.0
10:00AM	Jul Consumer Sentiment	97.1	98.2	98.2

Who is Mid Valley Financial?

Since 1985, Mid Valley Financial has been a trusted partner for complex real estate financing solutions. We specialize in handling unique and challenging loan scenarios, including those with non-traditional income or asset documentation. Our expertise in hard money and private money lending offers quick funding and flexible terms for real estate investors, business owners, and agricultural operators. Whether you need funds for purchasing, renovating, or refinancing properties, our experienced team is here to help.

Beyond hard money lending, we offer a comprehensive suite of competitively priced home loan options, including conventional, FHA, VA, and jumbo loans. So whether you are a first-time homebuyer, looking to secure the family estate or vacation property, or have unique financial circumstances, our experienced team can help you find the best solution.

Our commitment to exceptional customer service and innovative financing solutions has made us one of the leading direct lenders and mortgage brokers in the California real estate market. With a proven track record of success and a focus on building long-term relationships, we're here to help you achieve your financial goals.

Mid Valley Financial MVF

EQUAL HOUSING LENDER

EQUAL HOUSING OPPORTUNITY

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingne.ws/mvloans