

# Fed Remains in Wait and See Mode



**Ryan Champion**

NMLS# 2294595 • Maverick Capital Lending

Cell: (970) 403-5677

[ryan@championmortgagepros.com](mailto:ryan@championmortgagepros.com)

[www.championmortgagepros.com](http://www.championmortgagepros.com)



**Get Your Free  
Home Wealth  
Report**



## Week of May 5, 2025 in Review

The Federal Reserve maintained its pause on interest rate cuts, taking a cautious "wait and see" approach amid ongoing uncertainty about tariff impacts. Meanwhile, housing markets nationwide continue to show price increases, while job seekers are encountering more difficulties. Read on for these updates and more.

- [Fed Holds Steady on Rates, Takes "Wait and See" Approach](#)
- [Homeownership Remains a Solid Investment Option](#)
- [Latest Unemployment Claims: Finding New Jobs Takes Longer](#)
- [Family Hack of the Week](#)
- [What to Look for This Week](#)
- [Technical Picture](#)

### Fed Holds Steady on Rates, Takes "Wait and See" Approach

The Federal Reserve unanimously decided to maintain its benchmark Federal Funds Rate at 4.25% to 4.5%, continuing the pause established in January. This widely expected move comes as the Fed acknowledges increased risks to both inflation and unemployment.

Remember: The Fed Funds Rate affects the overnight lending rate between banks, influencing broader interest rates throughout the economy, though not directly setting mortgage or long-term rates.

**What's the bottom line?** The Fed remains focused on its dual mandate of price stability and maximum employment. However, these goals may pull policy in opposite directions, especially with new tariffs creating economic uncertainty. Higher inflation typically prevents rate cuts, while economic slowdowns usually trigger them.

Given the uncertain impact of trade policies, Fed Chair Jerome Powell emphasized a cautious approach in his post-meeting press conference: "We think right now the appropriate thing to do is to wait and see how things evolve." Powell used the word "wait" over twenty times during the Q&A session.

Looking ahead, the Fed will closely monitor upcoming inflation and employment data, as future policy decisions could depend on which risks materialize first.

### Homeownership Remains a Solid Investment Option

Home prices nationwide rose steadily in March, with Cotality (formerly CoreLogic) reporting a 0.6% monthly increase and 2.5% annual growth. ICE data similarly showed 2.4% year-over-year gains.

**What's the bottom line?** Experts are bullish on continued growth, with Cotality projecting a 0.9% price increase for April and a robust 4.9% appreciation over the next twelve months – up significantly from their previous 4.2% forecast.

These numbers reinforce why homeownership remains a powerful wealth-building strategy. Consider this: a \$500,000 home appreciating at 5% would gain \$25,000 in value within just one year, representing an excellent return on investment.

### Latest Unemployment Claims: Finding New Jobs Takes Longer

Initial jobless claims dropped by 13,000 to 228,000, remaining near historically low levels. Continuing claims fell by 29,000 to 1.879 million, down from the previous week's 1.908 million (the highest since November 2021).

**What's the bottom line?** While new unemployment claims stay low, the overall trend in continuing claims reveals a concerning pattern. Workers are spending more time unemployed after losing their jobs. The median unemployment duration has increased from 9.8 to 10.4 weeks, while the average duration has risen from 22.8 to 23.2 weeks.

These numbers confirm that finding new employment is becoming more difficult, as many companies delay hiring amid economic uncertainty and tariff concerns.

### Family Hack of the Week

Celebrate National Chocolate Chip Day on May 15 with these Chocolate Chip Scones from King Arthur Baking. This easy recipe yields 16-18 scones – perfect for enjoying now or freezing for later.

Preheat oven to 400 degrees Fahrenheit and prepare a baking sheet by lightly greasing it or lining it with parchment paper. In a medium-sized bowl, combine 2 1/2 cups all-purpose flour, 1/2 heaping teaspoon salt, 1/4 cup sugar, and 2 1/4 teaspoons baking powder. Add 6 tablespoons of cold unsalted butter pieces, working until the mixture resembles coarse crumbs.

In a separate bowl, whisk 3/4 cup heavy cream, 2 large eggs, and 2 teaspoons vanilla. Reserve 2 tablespoons of this mixture. Add remainder to the dry ingredients with 2 cups of chocolate chips. Combine until a moist dough forms.

Transfer the dough to a generously floured surface and form into an 8-inch circle. Brush with reserved egg mixture and sprinkle with coarse or Demerara sugar. Cut with a floured 2-inch round cutter and arrange on the prepared baking sheet.

Bake for approximately 20 minutes until the scones are golden brown. Serve warm.

## **What to Look for This Week**

Watch for crucial inflation data with April's Consumer Price Index releasing Tuesday and the Producer Price Index (which tracks wholesale inflation) arriving Thursday.

Thursday also brings the weekly Jobless Claims report, April's Retail Sales figures, and this month's home builder confidence reading. The housing picture rounds out on Friday with April's Housing Starts and Building Permits data.

## **Technical Picture**

Mortgage Bonds ended last week squeezed in a tight range, pressing against the ceiling at their 100-day Moving Average. Meanwhile, the 10-year yield is trading in a range between its 100-day Moving Average ceiling and the key 4.332% Fibonacci support level.

The big headline risk is the China trade negotiations, as positive developments could spark a stock market rally while potentially triggering a bond selloff.