

# MORTGAGE RATE WATCH

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## Mortgage Rates Falling Back in Line With Best Recent Levels

**Mortgage rates** started the day modestly **lower**, but many lenders ended up offering mid-day **improvements** in response to market conditions.

When it comes to rates, the bond market sets the tone. Bonds can move for a variety of reasons, but economic data is one of the quintessential inputs. If the incoming data suggests a hotter economy or higher inflation, rates tend to **rise**. The **opposite** is also true (weaker data = lower rates) as was the case today.

The Bureau of Labor Statistics released the Consumer Price Index for the month of August today. This is one of the more widely-followed **inflation** reports. As such, rates **improved** when the report suggested inflation **decelerated** by more than expected. Rates didn't drop too much, but they're nonetheless back in line with their lower recent levels. You'd have to go back to early August to see anything significantly better.

**Volatility** continues to loom on the horizon as markets gear up for next week's Fed announcement (Wednesday afternoon). There's no rule against markets moving before then, but bigger moves are more likely after the Fed.



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