MORTGAGE RATE WATCH
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Mortgage Rates Recover After Inflation Data Matched Forecasts

If we could only blame one thing for the huge jump in interest rates seen since early 2022, it would be inflation. That fact led to a high degree of focus on reports like today's Consumer Price Index (CPI), which is unequivocally the most relevant monthly data point on inflation as far as interest rates are concerned.

Today's CPI data was right in line with expectations at face value, but the underlying details were slightly rate-friendly. Specifically, the component that measures housing expense saw its biggest drop since the start of the pandemic. That's important because it remains one of the last and most stubborn sticking points in a price landscape where many other components have long since corrected back to more normal levels.

All that to say that the bond market (which underlies day to day interest rate changes) responded favorably to the inflation data. The average mortgage lender was thus able to quote slightly lower rates compared to yesterday. The caveat is that more than a few lenders were forced to adjust pricing a few times during the day in response to market volatility. Those changes weren't enough to make today's rates higher than yesterday's, but they did make for a more moderate improvement on the day as a whole.

30yr fixed rates remain in the mid 6% range for most lenders, but that assumes a top tier scenario with limited loan-level price adjustments (upfront costs imposed by regulators for certain loan/borrower/property characteristics).

Last but not least, it bears repeating that there is no new 40yr FHA loan program, despite quite a bit of buzz to the contrary in the past week (here's why).

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