

# MORTGAGE RATE WATCH

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## Rates Remain in Narrow Range Ahead of Key Inflation Data

Mortgage rates continued to move in a fairly narrow, sideways range on Wednesday--a trend that is very much in line with expectations from last Friday. At the time, rates moved sharply lower off long-term highs. The catalyst was a tame jobs report on Friday morning. Looking ahead, the market knew it would have to wait for the Consumer Price Index (CPI) the following Thursday for the next instance of highly consequential economic data.

CPI comes out tomorrow morning at 8:30am ET. Like the jobs report, it has the power to give rates a big push in either direction depending on the results of the data. If inflation is higher than expected, rates could move back up toward recent highs. If inflation falls below the median forecast, rates could move back into the lower range from two weeks ago.

Keep in mind that there are several different inflation metrics inside the CPI report. The most important among them is the "core" month-over-month reading which excludes food and energy prices. It's not that those things don't contribute to inflation. Rather, they are volatile, so market participants can get a better idea of underlying inflation trends by filtering out as much of those impacts as possible.



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