

MORTGAGE RATE WATCH

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Lowest Mortgage Rates in a Week After Inflation Data

Mortgage rates are based on bonds. Bonds react more to two monthly economic reports than any others. One of these is the jobs report which came out last week. The other is/was today's consumer price index (CPI).

With Friday's jobs report being arguably rather middle-of-the-road in terms of its rate implications, bonds/rates potentially had some pent up momentum behind today's reaction.

Fortunately and unfortunately, today's data was also fairly unequivocal relative to some recent examples. It caused a confused, 2-way reaction in bonds early in the day, but one that quickly gave way to mortgage-specific bonds holding their ground in a way that allowed mortgage lenders to keep rates in line with yesterday's, or just a hair better.

As the day progressed, other developments led to additional gains in the bond market, thus allowing many mortgage lenders to reissue rates that were slightly lower still. The net effect is the average mortgage lender offering top tier conventional 30yr fixed rates at the lowest levels since last Wednesday. This isn't an especially big move considering the narrow range since then, but at least it's in everyone's favorite direction.



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