Uneventful Day For Rates. High Stakes Next Week

Near the end of last week, the title of the daily mortgage rate article was "Rates Right in Line With Long-Term Lows, But That Could Change on Friday." Indeed, rates ended up jumping in a big way--the biggest in more than a year.

There was no clairvoyance involved, nor was it a lucky guess. In fact, the intention of the headline was to point out that rates could go big in EITHER direction. It was not destined to be the case, necessarily. All we knew is that we would receive one of the two most important monthly economic reports the following morning and that interest rates routinely react to any big surprises in that report.

The report in question was the employment situation (aka "the jobs report"), and if you've read anything about mortgage rates in the past week, you've seen the damage. The other of the two big reports is the Consumer Price Index (CPI). That comes out this coming Tuesday morning and carries just as much potential for volatility (in EITHER direction).

To be clear, it's not incredibly likely that rates would fall as much as they jumped last week, but a low CPI reading could make for a very good day for rates. Conversely, a high CPI reading could send rates higher at a fast pace, but also probably not as fast as last Friday's. We have to say words like "probably" and "potential" because the reality depends on exactly how the data arrives.

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