Mortgage Rates Steady to Slightly Lower Ahead of Big Inflation Report

After spiking to the highest levels in over a month last Monday, rates have held eerily steady. To be fair, the steadiness started the following day after a moderate recovery that took the average conventional 30yr fixed rate from just over 7% to just below.

To put all of the above in perspective, that rate jumped by 0.41% from Thursday, Feb 1 though Monday, Feb 5. The following day saw a decent correction of 0.08%, but the day over day change has been limited to 0.02% since then.

If any event on the calendar has the power to change this calm, sideways slide, it's Tuesday morning's Consumer Price Index (CPI). This is the biggest inflation report of any given month and one of the two biggest economic reports (the other being the jobs report that started that 0.41% jump just over a week ago).

Whether CPI swings as hard as the jobs report remains to be seen. All we can know ahead of time is that it carries the potential to send rates quickly higher or lower.

Keep in mind that the market already knows 11 out of the 12 months used for any annual calculation. It will not be a surprise to see headline inflation drop from 3.4% to just under 3%, nor will it be a surprise if core inflation drops to 3.7% from 3.9%. The fact that 3.7% is still much higher than the 2.0% target will also not be news. The focus is mainly on the "core" month over month number, currently expected at 0.3%. If that number comes in at 0.2% or lower, rates will likely improve. 0.4% or higher and rates will likely jump.

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