

# MORTGAGE RATE WATCH

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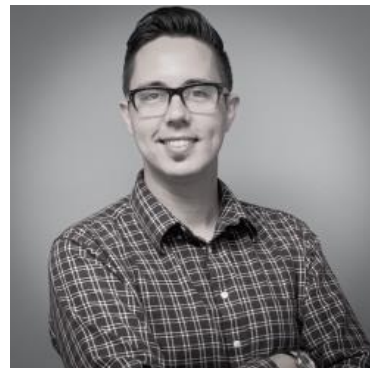
## Mortgage Rates Modestly Lower For 2nd Day in a Row

While weekly mortgage rate indices are pointing out the sharp jump from last Wednesday's levels, daily rates have fallen twice in a row. The peak was on Tuesday after the Consumer Price Index sent rates to the highest levels in more than 2 months. Yesterday's drop left us feeling cautious. Today's was more grounded by relevant underlying events.

Specifically, the day's most important economic data--retail sales--came in weaker than expected. That sounds like a bad thing, and it is if you're the U.S. economy, but what's bad for the economy is typically good for rates.

Retail Sales was far enough below forecasts that the bond market (bonds dictate day to day rate movement) improved immediately and noticeably. This allowed the average mortgage lender to easily offer moderately lower rates compared to yesterday.

All told, the improvements over the past 2 days have erased roughly half of the increase versus last week, but the average lender remains just above 7% for a top tier conventional 30yr fixed.



**Mike Hardy**

Mortgage Advisor, Fairview  
Mortgage Capital, Inc.

[mortgagemike562.com](http://mortgagemike562.com)

M: (562) 370-0544

29000 S. Western Ave.  
Rancho Palos Verdes CA 90275  
NMLS #1175689  
DRE #01326046

