

MORTGAGE RATE WATCH

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Lowest Mortgage Rates This Week After Key Inflation Data

In the bigger picture, mortgage rates would still be best described as "trending gently higher," but in the shorter term, today was a victory. The average lender moved from quoting conventional 30yr fixed rates near 3 month highs yesterday to the lowest levels of the week today. The disclaimer is that this says more about the narrowness of the recent range than the ground covered.

Another disclaimer is that you may well encounter mortgage rate headlines that say something completely different today. This would almost certainly be due to Freddie Mac's weekly survey number rising to the highest levels in more than 2 months. Freddie's survey is an average of the 5 days ending yesterday, nor does it account for points or a few other idiosyncrasies that can cause it to deviate from the reality in the trenches.

That reality is a conventional 30yr fixed rate that remains in the low 7% range for top tier scenarios. If someone were to pay discount points or receive a relatively more aggressive quote, the high 6% range isn't out of the question. It's just not "average."

Today's improvement was ostensibly driven by the bond market's reaction to hotly anticipated inflation data. There is indeed a case to be made that the as-expected reading on PCE inflation helped rates recover today, but other economic data was also helpful (jobless claims and Chicago PMI).

Ultimately, today's data is not what the market is truly waiting for. The most important reports hit next week, culminating with Friday's big jobs report. The following week's Consumer Price Index (CPI) is at least as important. More than anything, those two reports will shape the dialogue in financial markets and the Fed meeting that takes place the week after CPI.

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