MORTGAGE RATE WATCH
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Another "Nice" Day For Rates, But Tomorrow is The Real Story

We've been waiting for tomorrow since April 10th. That's the last time the Consumer Price Index (CPI) was released. This is one of the two official consumer-focused inflation indices in the U.S. and it comes out 2 weeks before the also important PCE price index. With inflation being the top concern for interest rates these days, that makes CPI the most important scheduled economic report when it comes to rate volatility and momentum.

People may know that "inflation is high" or that the price of various things is higher today than it was at some point in the past. Indeed, it may be very easy--even popular--to lament the higher price of things. But that has nothing to do with predicting how tomorrow will go.

Forecasts are already clear in their expectations for a 0.3% increase in core prices, month over month. The difference between a result of 0.2 or 0.4 is surprisingly massive when it comes to the world of interest rates. A 0.1 or 0.5 result could easily result in the largest rate jump/drop in months.

As for today, the Producer Price Index (PPI) offered an appetizer ahead of tomorrow's main course. Results were mixed, depending on whom you ask, but PPI doesn't tend to elicit much of a response on average anyway. In today's case, initial weakness (aka "higher rates") gave way to modest strength ("lower rates") and the average mortgage lender was able to offer just slightly lower rates compared to yesterday. This technically results in another 1-month low, but yet again, only by the smallest of margins

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