MORTGAGE RATE WATCH
Daily Coverage. Industry Leading Perspective.

Mortgage Rates Tick Back Below 7.0%, But Just Barely

Mortgage rates have been in a narrow range for more than a month now with the average top tier 30yr fixed rate staying within striking distance of the 7.0% mark for the entirety. The number was 7.01 yesterday and it's down to 6.99 today. This matches the level last seen on June 14th and you'd have to go back to March to see anything much lower.

Despite the incredibly uneventful performance of the past month, rates face another opportunity for (or "threat of") a much bigger change tomorrow. The direction of the move will depend entirely on the results of the Consumer Price Index (CPI).

CPI is the most important economic report as far as rates are concerned because it's the first major look at inflation data on any given month and inflation is the biggest problem for rates at the moment.

Looked at another way, the Fed has repeatedly communicated that rate cuts will happen when CPI suggests inflation is decidedly heading back to 2.0% in year over year terms. The last CPI was a step in the right direction. If tomorrow's follows suit, the conversation about rate cuts would get serious.

The Fed doesn't directly dictate mortgage rates, but the entire rate market tends to react to the same things the Fed says it will react to.

As always, keep in mind that data can go both ways. If CPI shows higher inflation than expected, rates could move higher just as quickly as they could drop. Last but not least, there's always a chance that the data and the market's reaction to it can be balanced enough to "thread the needle" (i.e. another day without much change in rates).

Bottom line: in terms of POTENTIAL volatility, tomorrow is about as high stakes as it gets.

Gray Buffington
President, HERO MORTGAGE
heromortgage.com
P: (479) 531-3750
M: (479) 531-3750
609 SW 8th Street
Bentonville Arkansas 72712
RMLO 273613
NMLS 1946359