MORTGAGE RATE WATCH
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Another Long-Term Low For Rates Ahead of an Inflation Report That Was Once a Really Big Deal

Mortgage rates are based on trading in the bond market and bonds consistently take cues from economic data. Among the data, some reports are vastly more important than others--as we've seen after several recent examples of the jobs report.

The Consumer Price Index (CPI) is another extremely important report. At least it can be, at times. On many occasions in the past few years, CPI had a bigger impact on rates than the monthly jobs report, but times are changing.

Inflation metrics have cooled down significantly and the trend has been more stable. In fact, the last 3 CPI reports were consistent with inflation being under the Fed's 2.0% annual target (the next 9 would need to play ball in similar fashion for official, final victory).

The Fed figures that victory is highly likely at this point, considering some of the softening in other economic data. Even if tomorrow's CPI were to come in much higher than expected, it wouldn't be enough to push rates too much higher in the big picture.

As for today, there were no significant reports and bonds continued drifting into stronger territory. The average mortgage lender was able to offer just slightly lower rates compared to yesterday's latest levels. This means we're at another 17 month low.

James Cheeley
Founding Partner/Sr. Mortgage Advisor, Lincoln Capital Advisors
www.lincolncapitaladvisors.com
P: (678) 824-6563
M: (678) 824-6563
Trusted Mortgage Advisors
118012