Mortgage Rates Microscopically Lower to Start New Week

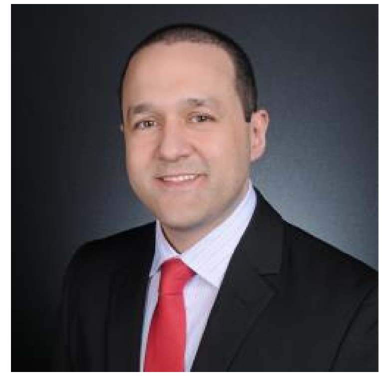
Mortgage rates have been on a vacation from volatility since January 16th when they fell back toward 7% after hitting the highest levels since May 2024. Top tier 30yr fixed rates have operated inside a 0.13% range since then and a narrower 0.08% range for the past 2 weeks.

Today was technically a win, but it was fairly small (-0.02%). Any time our daily index is that close to the previous day, it's safe to assume that most lenders are effectively unchanged.

Rates are definitely still willing to react to major economic reports when results fall far from forecasts, but there were no such reports on tap today. The same is true for tomorrow, but volatility is still a moderate risk due to Fed Chair Powell's semi-annual congressional testimony.

Then on Wednesday, volatility potential increases significantly with the release of the Consumer Price Index (CPI), which is the first of the two big inflation readings for any given month. Inflation is always a consideration for interest rates, but it's particularly important at the moment as investors wait for evidence that progress toward the 2% has resumed after potentially stalling at just over 3% last summer.

While the annual inflation number will benefit in the coming months as the high inflation readings from early 2024 fall out of the calculation, those benefits wouldn't show up in earnest until June.



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