

# MORTGAGE RATE WATCH

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## Mortgage Rates Drop to Lowest Levels Since December 17th

The final two days of the present week weren't on many bingo cards as of Wednesday afternoon. At the time, rates were jumping higher in response to inflation data. That same morning, the Consumer Price Index (CPI) showed consumer inflation accelerating much faster than expected last month.

As we discussed yesterday, the Producer Price Index (PPI) helped rates completely reverse Wednesday's jump because of its implications for lower PCE inflation (different than CPI/PPI, and also the Fed's favorite) in 2 weeks.

Now today, we have a more straightforward example of economic data helping rates with Retail Sales coming in MUCH lower than expected. All else equal, weaker data = lower rates and that was plain to see in this morning's market movement.



The net effect is a move to the lowest 30yr fixed rate index in nearly 2 months.



### Russell Baboff

VP, Mortgage Banker,  
William Raveis Mortgage,  
LLC

[www.raveis.com/.../officerprofile.asp](http://www.raveis.com/.../officerprofile.asp)

P: (860) 463-1745

M: (860) 463-1745

7 Trap Falls Road  
Shelton CT 06117  
1014636



### Mary Chappano

Sales Associate, CHP,  
William Raveis Real Estate

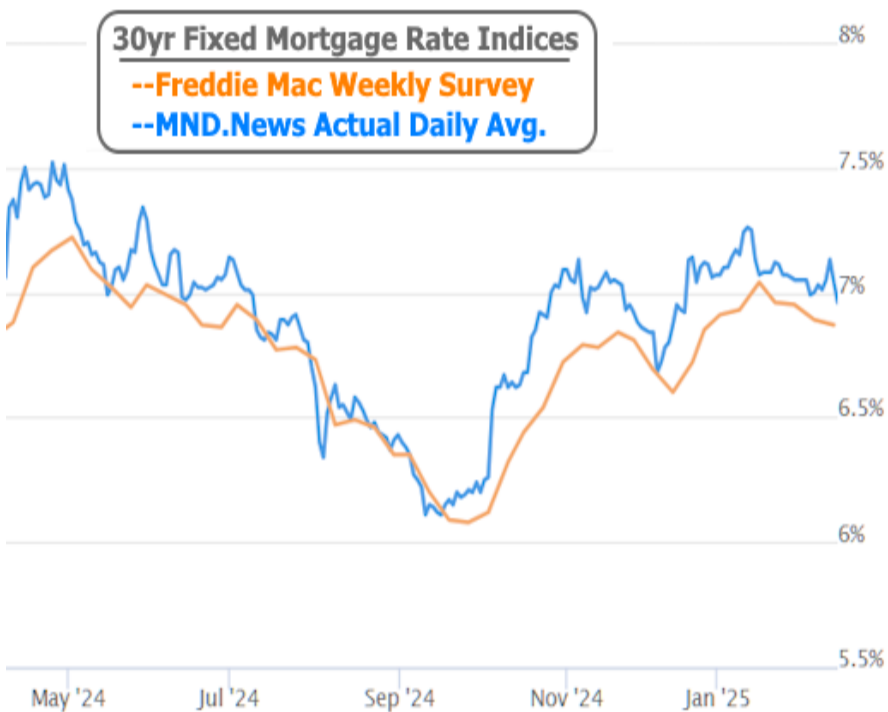
[www.raveis.com/.../16755](http://www.raveis.com/.../16755)

M: (860) 748-6960

Mary.Chappano@raveis.com

200 West Main Street  
Avon CT 06001

WILLIAM RAVEIS



Bond markets (and thus mortgage lenders' ability to publish new rates) will be closed on Monday for the holiday.