

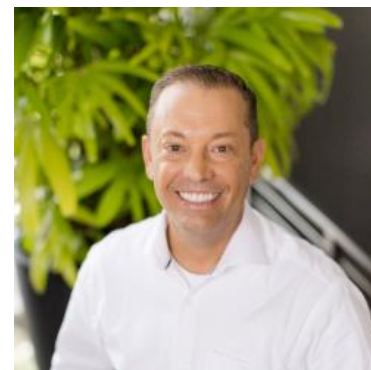
Highest Mortgage Rates in Just Over 2 Weeks

Mortgage rates have moved up over the past 2 days, ultimately hitting the highest levels since February 24th today. While that sounds somewhat unpleasant or unfortunate, context paints a softer picture. Specifically, since February 25th, the average top tier 30yr fixed rate has been in a fairly narrow 0.12% range centered on 6.75%. That makes the past 2 weeks the best 2 weeks we've seen since early October.

Today's contribution ended up being surprisingly uneventful. Why surprising? Markets were eagerly anticipating the Consumer Price Index (CPI) release this morning. As is always the case these days, CPI stands a good chance to send rates higher or lower at a faster pace than most other economic reports.

Today's CPI showed softer than expected inflation for February and an upward revision for January. Some of the underlying components suggested future inflation readings would be slightly higher than expected. Those counterpoints prevented rates from moving lower despite the apparent victory in the headlines.

Looking ahead, tomorrow's Producer Price Index (PPI) is a similar report, but focused on wholesale inflation as opposed to consumer inflation. It, too, can have a bearing on the same future inflation data as CPI. Last month, PPI actually had a bigger impact, and it helped push rates back down after CPI pushed them higher. While this certainly doesn't mean history will repeat itself, it illustrates the possibility of disagreement among these reports.



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