

Mortgage Rates Inch Slightly Lower

It was a fairly boring day on what has turned out to be a fairly boring week so far for mortgage rates. After Friday's larger spike, we've seen a microscopic recovery on each of the past 2 days.

In terms of specific index levels, this equates to a 0.04% drop in the top tier 30yr fixed rate for the average lender. This is roughly one third of the minimum increment that separates typical mortgage rate offerings. In other words, it isn't a huge move by any means.

Tomorrow brings the release of the Consumer Price Index (CPI)--an economic report that has occasionally resulted in huge changes in mortgage rates. As a key measurement of inflation, CPI has been critically important at times when the market sought clarity on potential shifts in the inflation narrative.

At present, however, the market is waiting a number of months before drawing any firm conclusions on inflation due to tariffs and trade deals that have yet to be finalized. Even then, it will take a few months for those policy changes to flow through to the data.

None of the above means that CPI is a complete dud. The market can certainly still react, but the bar for true drama is higher than normal. In other words, CPI would need to come in much higher or lower than forecast to have a big impact on rates.



Zachary Kempf

Capital Markets Analyst,
Plains Commerce Bank

plainscommerce.com

P: (605) 271-7939

3905 W 49th St
Sioux Falls SD 57106