

Tom Payne

Senior Loan Officer, Planet Home Lending
NMLS# 1017004 #17022 (Licensed in all 50 states)
2580 St Rose Parkway, Suite 230 Henderson, NV 89074

Mobile: 702-303-0243

tompaynemortgage@gmail.com

[View My Website](#)

Rates Recover After Tame Inflation Data

Last week's big to-do was the jobs report, which sent rates sharply higher. This week's inflation data had a chance to add fuel to that fire or put it out.

The inflation report in question was the Consumer Price Index (CPI). In addition to being one of the two most important monthly economic reports, it also turned out to be quite the little firefighter this time around.

The following chart shows stock market movement since last Friday along with the 10yr Treasury yield (a proxy for longer-term interest rates like mortgages).



The impact on stocks may be counterintuitive at first. After all, conventional wisdom suggests stocks should improve when the job market is strong, as shown by last Friday's jobs report. In the current market environment, however, stocks are more concerned with the data's impact on rates.

In other words, data that makes Fed rate cuts less likely (like the jobs report), sends rates higher and stocks lower. Data that does the opposite does the opposite. Wednesday's CPI was a good example, as seen in the chart above.

CPI helped rates and stocks because it came in slightly lower than expected. The following chart shows the change in core CPI each month. Notice the most recent drop (reported this week) helped keep the trend toward target

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30YR Fixed	7.35%	+0.02	0.00
15YR Fixed	7.00%	-0.01	0.00
30YR FHA	6.99%	+0.01	0.00
30YR Jumbo	7.60%	0.00	0.00
7/6 SOFR	6.86%	+0.01	0.00
30YR VA	7.00%	+0.01	0.00

Rates as of: 10/28

MBS and Treasury

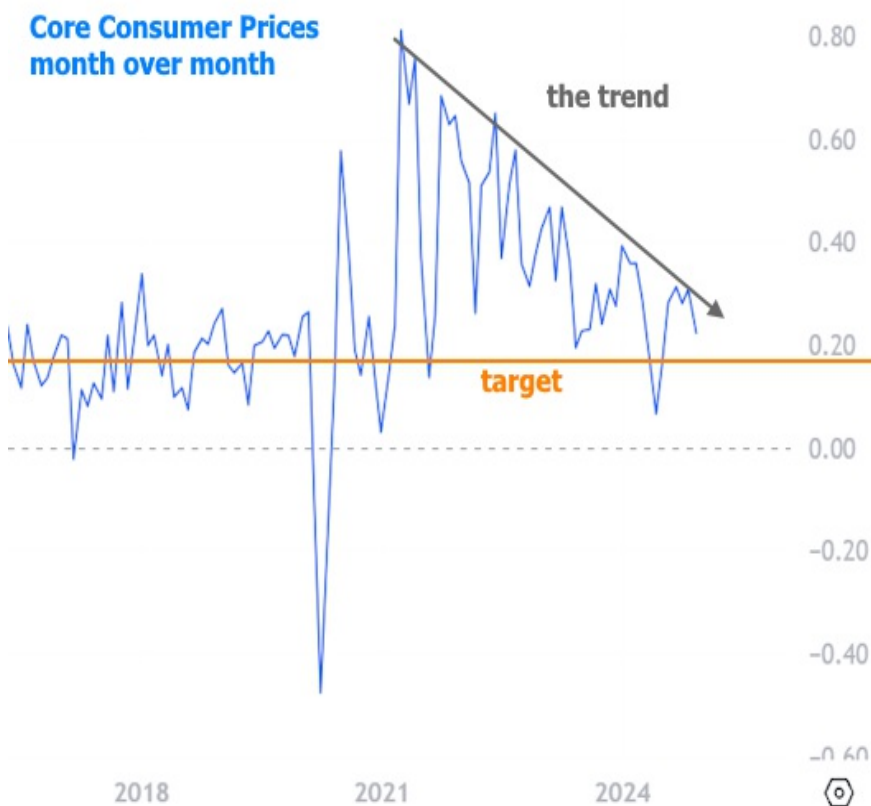
	Price / Yield	Change
MBS UMBS 6.0	99.67	+0.08
10 YR Treasury	4.9917	-0.0248
30 YR Treasury	5.3184	-0.0269

Pricing as of: 10/28 11:17PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 14	188.6	-5.32%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Aug	684K	+12.69%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

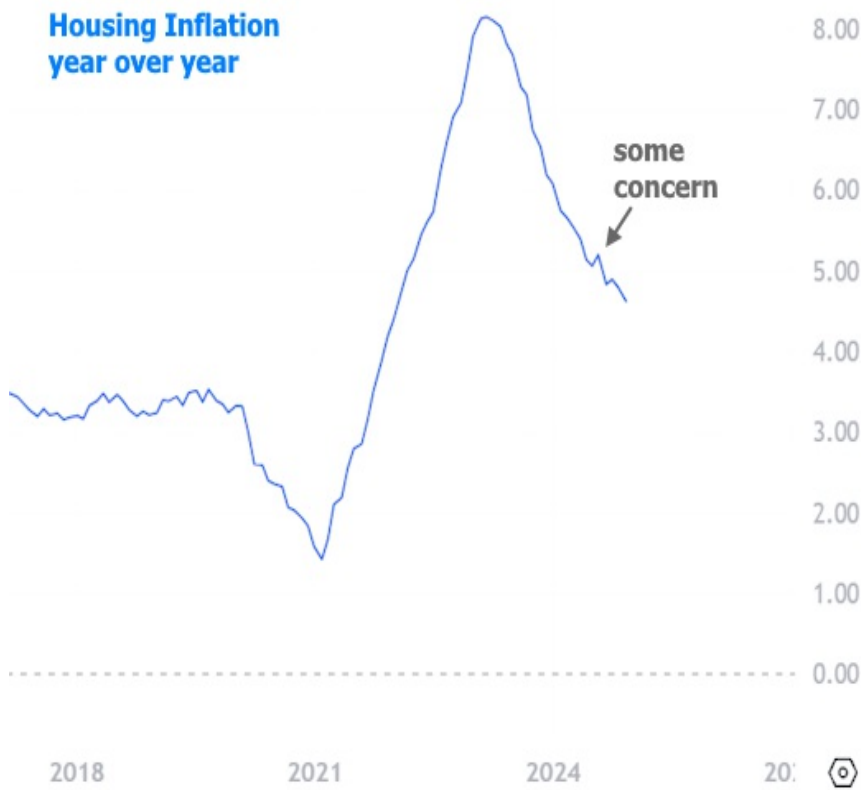
levels intact.



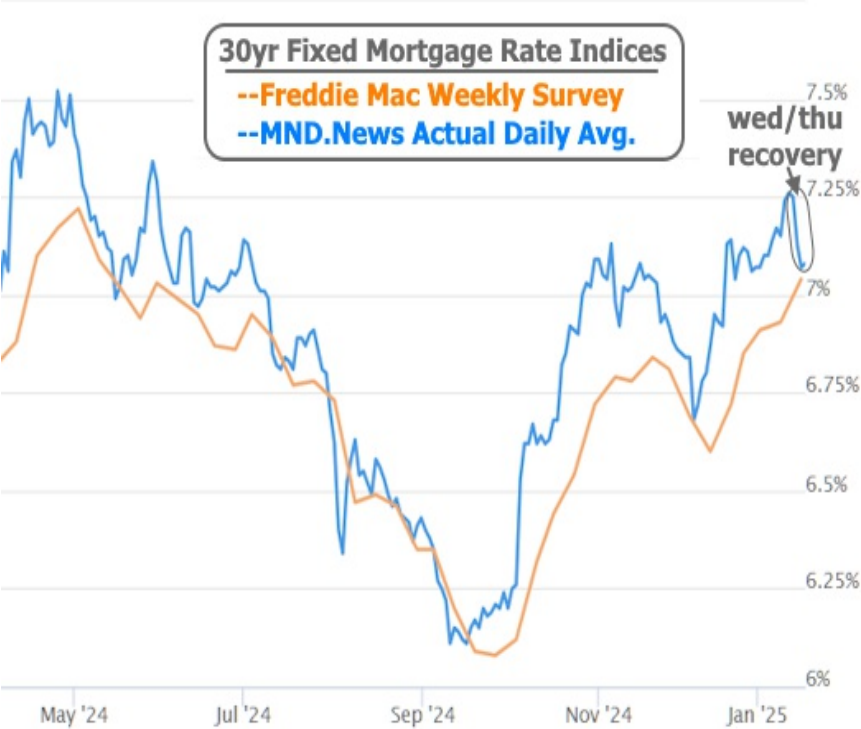
The previous chart showed monthly changes. The following chart is the same underlying data, but expressed in year-over-year change. For the fight against inflation to be a success, this is the line that needs to hit 2.0%. There had been quite a bit of concern over the stall. Reports like this week's help build a case for the stall being a temporary pause as opposed to a sign of a reversal.



In addition to the broad inflation metrics, some individual sectors have been closely watched. Housing is at the top of this list because it has a big effect on the overall number in addition to being problematically elevated in recent years. There was a stall in the housing inflation metrics as well, but it was a bigger concern because it was out of character for a line that normally trends more smoothly. Here too, the most recent installment helps reinforce the friendly trend.



Some disclaimers: inflation is different than outright prices. The charts above do not mean prices are coming down. They mean prices are rising at a slower pace, which is what the Fed needs to see in order to justify additional rate cuts. Moreover, the market will digest these reports one month at a time. If it looks like things are stalling out again, it will be bad for rates. This report happened to be good, but that was ultimately only worth a decent pull-back from the highest mortgage rates since May 2024.



Next week is shorter than normal due to the Martin Luther King Jr. holiday. Bonds will reopen on Tuesday and markets may be responding to political developments in light of Monday's inauguration day. Everything that can already be known about the new administration is currently reflected in rates, but that's always a bit of a moving target. If the initial salvo of executive orders has implications for financial markets that differ from expectations, Tuesday could be a volatile day.

All that having been said, the bigger-picture, longer-term fate of rates lies with the outcome of the next several months of economic data in addition to fiscal policies that may take even longer to materialize.

Subscribe to my newsletter online at: <http://housingnewsletters.com/thomaspayne>

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Jan 14				
8:30AM	Dec Core Producer Prices MM (%)	0%	0.3%	0.2%
8:30AM	Dec Core Producer Prices YY (%)	3.5%	3.8%	3.4%
Wednesday, Jan 15				
7:00AM	Jan/10 MBA Purchase Index	162		127.7000
7:00AM	Jan/10 MBA Refi Index	575.6		401.1000
8:30AM	Dec m/m CORE CPI (%)	0.2%	0.2%	0.3%
8:30AM	Dec y/y CORE CPI (%)	3.2%	3.3%	3.3%
8:30AM	Jan NY Fed Manufacturing	-12.60	3	0.20
Thursday, Jan 16				
8:30AM	Dec Import prices mm (%)	0.1%	0.1%	0.1%
8:30AM	Jan/11 Jobless Claims (k)	217K	210K	201K

Event Importance:

- No Stars = Insignificant
- ☆ Low
- ★ Moderate
- ★★ Important
- ★★★ Very Important

Date	Event	Actual	Forecast	Prior
8:30AM	Jan Philly Fed Business Index	44.3	-5	-16.4
8:30AM	Dec Retail Sales (%)	0.4%	0.6%	0.7%
10:00AM	Nov Business Inventories (%)	0.1%	0.1%	0.1%
10:00AM	Jan NAHB housing market indx	47	45	46
Friday, Jan 17				
8:30AM	Dec Building permits: number (ml)	1.483M	1.46M	1.493M
8:30AM	Dec Housing starts number mm (ml)	1.499M	1.32M	1.289M
9:15AM	Dec Industrial Production (%)	0.9%	0.3%	-0.1%
Monday, Jan 20				
12:00AM	Martin Luther King Jr. Day			
12:00PM	Inauguration Day (%)			
Wednesday, Jan 22				
10:00AM	Dec CB Leading Index MoM (%)	-0.1%	0%	0.3%
Thursday, Jan 23				
8:30AM	Jan/18 Jobless Claims (k)	223K	220K	217K
Friday, Jan 24				
9:45AM	Jan S&P Global Services PMI	52.8	56.5	56.8
10:00AM	Jan Consumer Sentiment (ip)	71.1	73.2	74.0
10:00AM	Dec Existing home sales (ml)	4.24M	4.19M	4.15M

A Lower Price or a Lower Rate? Don't Guess. Compare: 10-22-2026

What Every Agent Should Know:---

With mortgage rates challenging affordability and buyers hesitant to make decisions, sellers are increasingly willing to negotiate. But here's a question every REALTOR® should consider:---

Is your buyer better off negotiating a lower purchase price—or asking the seller to contribute toward a permanently lower interest rate?---

A price reduction lowers the mortgage balance, but the resulting monthly payment savings may be surprisingly small.---

Alternatively, a seller contribution toward a permanent interest-rate buydown could provide substantially greater monthly payment relief, even with a higher purchase price.---

But what if mortgage rates decline in the next 6, 12, or 24 months?---

That's the question nobody can answer with certainty.---

A buyer who negotiates a larger price reduction may benefit from a lower loan balance and potentially refinance if rates decline. A buyer who secures a permanently lower rate benefits immediately, without depending on future market conditions.---

Both strategies have merit. The right answer depends on the numbers, the buyer's financial priorities, and how long they expect to keep the mortgage.---

For listing agents, this creates another negotiating opportunity. A seller contribution toward financing costs may be more attractive to a payment-conscious buyer than another reduction in asking price.---

Before your buyer requests a price reduction—or your seller agrees to one—give me a call.---

Let's compare the alternatives. Sometimes the smartest negotiation isn't about the price. It's about how the transaction is structured.---

EQUAL HOUSING LENDER---

<https://apply.planethomelending.com/#/loan-officers/tpayne%40planethomelending>

Tom Payne

