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Mortgage rates continue to trend down ahead of inflation report

Housing inventory continues to grow with 35% more listings

As the U.S. reaches its peak homebuying season, mortgage rates continue to ease week over week.

HousingWire's Mortgage Rates Center showed the average 30-year fixed rate for conforming loans at 7.45% on Tuesday, below the rate of 7.51% one week ago. At the same time one year ago, the average rate was 6.54%. The 15-year conforming fixed rate averaged 6.75% on Tuesday, down from 6.77% one week earlier.

"Bond yield keeps heading lower and mortgage spreads are getting better," HousingWire lead analyst Logan Mohtashami said. "Since the softer labor reports happened, mortgage pricing has improved. Despite today's hotter Producer Price Index (PPI) inflation print, yields fell again after traders digested the reports."

The release of the Consumer Price Index (CPI) on Wednesday will allow experts to determine whether or not this trend continues, Mohtashami said.

As of May 10, there were 568,000 unsold single-family homes on the market, up 1.5% compared to the week prior.

"It's not a massive gain, but inventory is growing and will continue to grow over the next few months," Mike Simonsen, founder and president of **Altos Research**, wrote on Monday.

Compared to a year ago, there are 35% more homes on the market, a gap that continues to expand. Simonsen expects there to be 700,000 unsold homes on the market by the end of September.

During the week ending May 10, 89,000 new listings hit the market, according to Altos Research, which was 3% less than the week prior.

"There is still a sense of optimism that more sellers will help this market grow," Simonsen said. "Ideally, the combined number of new listings should be above 100,000 each week, so it's a bit disappointing to see only 89,000 today."

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