

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

month that the U.S. rate of inflation has decreased.

Feb. 03, 2023



By Jim Probasco, [Bankrate.com](https://www.bankrate.com) (via TNS).

There's good news on the inflation front: December 2022 marked the sixth straight month that the U.S. rate of inflation has decreased.

According to the latest figures from the U.S. Bureau of Labor Statistics, released January 12, the Consumer Price Index (CPI) fell 0.1% in December 2022. It had risen by the same amount in November. The inflation rate rose 6.5% between Dec. 2021 and Dec. 2022, versus 7.1% between Nov. 2021 and Nov. 2022. And while 6.5% inflation might still feel uncomfortably high to consumers, it is certainly cooling.

What will the Federal Reserve do with this latest information? We'll find out January

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

According to Bankrate's data, the current 30-year fixed mortgage rate is 6.16%, down from last month's rate of 6.64%. In contrast, both the CPI rent index and owners' equivalent rent index rose 0.8% between November and December of 2022.

Nationally, home prices rose 8.6% year-over-year in November, CoreLogic reports. October's yearly increase was 10.1%, and September's was 11.4%. Clearly, this represents a slowdown — although it's still high by historical standards.

Fannie Mae's Home Purchase Sentiment Index (HPSI) increased 3.7 points in December to 61.0, but the index remains only slightly above its all-time low set in October. Just 21% of respondents believe it's a good time to buy, mostly due to the combination of still-high mortgage rates and home prices.

## Consumers still pessimistic

"In December, the HPSI inched upward slightly, as consumers reported increased expectations that mortgage rates and home prices may decrease over the next year," said Doug Duncan, Fannie Mae's senior vice president and chief economist, in a statement.

"However, the HPSI remains very low by historical standards, and respondents continue to cite high home prices and unfavorable mortgage rates as the primary reasons for their pessimism. As we enter 2023, we expect affordability to remain the top challenge for potential homebuyers. At the same time, existing homeowners may continue to wait to list their properties, since many have already locked in lower mortgage rates, creating minimal incentive to sell and buy again until rates are more favorable. We think the resulting tension will contribute to a continued decline in home sales in the coming months."

## Should you wait for inflation to come down more?

With inflation still weighing on the housing market, should you buy a home now or

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

“Even when inflation does come down on a consistent basis, it doesn’t mean prices falling; it just means prices not rising as fast,” says Greg McBride, CFA, chief financial analyst for Bankrate. “For homebuyers, a more modest pace of appreciation or even a period of stagnant home prices can allow for incomes to grow further. Rather than stretching too much now, you may be able to buy a bit more comfortably in a couple of years if your income growth outpaces home price growth. But there are no guarantees, and rents have certainly spiked in the meantime.”

That said, life circumstances might require you to buy a home now, regardless of market trends, and that’s as good a reason as any. But, when you’re buying near the peak of the market, be prepared to stay in the home for a while if you want to come out ahead when you sell.

### **For home sellers**

For sellers, the tides are turning. Depending on where you live, you could find fewer takers, or need to come down on price. Don’t forget what happens on the other side of the transaction: When you go to purchase your next place to live, you’ll be another buyer competing for a limited number of available properties — and now likely requiring a new mortgage at a higher rate, to boot.

## **Homebuying tips when prices are high**

If you’re set on buying soon, here are a few ways you can stretch your dollars:

—Put your down-payment savings in a high-yield account: One upside to inflation and the Fed’s response: higher interest rates on savings accounts. If you aren’t already, put your down payment contributions in a high-yield account. Just make sure the account allows you to access your money easily when it comes time for

closing — some online savings accounts take three days to deliver your funds when

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

ask about locking in your rate. Now's not the time to take a chance on your monthly mortgage payment suddenly soaring in price, right before you're set to close.

(Visit Bankrate online at [bankrate.com](https://www.bankrate.com).)

©2023 Bankrate.com. Distributed by Tribune Content Agency, LLC.

Accounting • Payroll

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved