

MORTGAGE RATE WATCH

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Mortgage Rates Sideways Near 2-Month Lows

Mortgage rates were mixed today, depending on the lender. On average, rates were unchanged and remained very close to their lowest levels in nearly 2 months. The bond market (which most directly impacts day-to-day rate movement) was calm. Both of today's important economic reports came in weaker than expected, but close enough to forecasts to prevent significant volatility. Beyond that, questions remain about just how ready the bond market may be to react to economic reports in general (historically one of the quintessential reaction functions in financial markets).

If bonds aren't quite ready to link back up with economic data yet, it would be an issue of **timing** and **priorities**. Several Fed speakers reminded us today that we're still a long way from even being able to assess the post-pandemic economy (one of the reasons they plan to keep rate-friendly policies in place until further notice). As such, bonds/rates might react to near-term economic data with less enthusiasm than normal. That's a good thing in the event of exceptionally strong data (which tends to push rates higher), but it limits improvements on days like today (when the data comes in weaker).

As far as the question of data's impact on rates is concerned, Friday continues to be the **most potentially informative** day of the week as it brings the Employment Situation (the big government jobs report typically regarded as the month's most important piece of economic data).



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