Mortgage Rate Watch

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Mortgage Rates Move Up From Long-Term Lows

Mortgage rates hit their best levels in 6 months yesterday, but moved **higher** today following a strong report on the services sector.

The economy is one of the key inputs for interest rates. As such, several of the most relevant economic reports have a longstanding history of causing day-to-day volatility. Today's ISM Non-Manufacturing Index is one of a handful of the most important reports. By coming out **much** stronger than expected, it suggested the economy was closer to a level that would prompt the Fed to make changes to rate-friendly policies. Bonds reacted with lower prices and higher yields (aka "rates").

Of course we're only talking about **only one** economic report. A few short hours earlier, another important report, ADP Employment, missed by a longshot. A few days ago, ISM's own manufacturing index suggested the post-covid economic growth was leveling off.

The balance of economic reports in the recent past isn't as important as what's ahead. Friday brings what's considered to be **the most important** piece of economic data for the bond market on any given month: the Employment Situation (the federal government's official jobs report). It alone doesn't have the power to send rates screaming higher in an environment where covid stats are still surging, but it could certainly push things in that direction. Conversely, if it follows ADP's lead and comes in weaker than expected, rates could just as easily move back to the long-term lows seen yesterday.

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