MORTGAGE RATE WATCH
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Mortgage Rates Fairly Close to Two Month Lows

Mortgage rates moved lower today as investors reacted to economic data that showed contraction in the manufacturing sector. The Institute for Supply Management (ISM) publishes a monthly index for both the Manufacturing and Non-Manufacturing sectors. Apart from the most vaunted economic reports (like this Friday's jobs report or next week's Consumer Price Index) few other reports have as much potential to influence interest rates.

Of the two, the non-manufacturing version tends to have a bigger impact, but today's was no slouch. It showed recessionary numbers across the board (activity, orders, jobs, and even prices). A weaker economy is always good for interest rates, but this report had the added benefit of showing lower prices at a time when the market is looking for evidence of calmer inflation.

After the data was released, the bond market swung from negative to positive territory. Translation: rates moved lower (because the value of a bond increases inversely to its yield/rate). This was more evident in US Treasuries, but mortgage-specific bonds improved as well.

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With that, the average mortgage lender was able to drop rates to levels just a hair higher than the lows from March 23-24. You'd have to go back to February 3rd to see anything lower. With today being April 3rd, that means we're right on the doorstep of 2 month lows.