MORTGAGE RATE WATCH
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Lowest Rates in 3 Weeks

Mortgage rates are driven by movement in the bond market. Bonds can move for several reasons at any given moment, but a key consideration these days is the tone of the regularly scheduled economic data.

When it comes to data, some reports are more important than others. We witnessed this last week when Thursday and Friday's reports provided the only exciting moments of the week. Fortunately, both were in favor of lower rates.

This week's economic data is incrementally more meaningful than last week's, and that's especially true of Friday's big jobs report. But today's report on the strength of the services sector is a reliable supporting actor when it comes to data having an impact on rates. Here too, data was friendly

Not only did the report show slightly more weakness than expected in the services sector, but it highlighted an even faster downshift in the pace of price increases. It also suggested contraction in the services sector labor market--a point worth considering as Friday's jobs report approaches.

Bonds had already found other reasons to improve ahead of the data, but the gains continued afterward. Bond market improvement equates to downward pressure on rates, all other things being equal.

With that, the average lender was able to drop 30yr fixed rates to their lowest level since February 12th. If there's a catch, it's that the range has been fairly narrow between now and then, and day-to-day movement has been modest.

Dale R. Packer, MBA
Owner/Broker, Great American Lending LLC
GreatAmericanLending.us
M: (801) 391-6566
dale@greatamericanlending.us
875 S 600 W
Heber City Utah 84032
MLO-4493
Company-201546

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