

MORTGAGE RATE WATCH

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Mortgage Rates Lowest in a Week

Mortgage rates are driven by day to day changes in the bond market. Bonds are focused on the Fed and the economic data that shapes Fed decisions. Today's data isn't necessarily big on the Fed's radar, but the market reacted due to its implications on other data.

Specifically, the S&P Purchasing Managers Indices (PMIs) came in lower than expected for both the services and manufacturing sectors. PMIs can be thought of as fairly timely, general barometers for the economy because they ask the financial decision makers at businesses about the current state of affairs as well as future plans.

One of the topics concerns "prices" which is the hottest of hot buttons for rates these days. On that note, the data mentioned lower price pressures in April due to a deterioration of demand and a slight softening in the labor market.

S&P's PMIs aren't as big of a deal for rates as a similar set of PMIs published by the Institute for Supply Management (ISM), but we have to wait until next week for the latter. The first mover advantage of today's data helped drive the reaction. Thankfully, it was good for rates with the average lender moving down to the lowest levels since Friday, April 12th.



Scott Green

Home Loan Consultant,
Monument Mortgage
Group

P: (602) 971-0544 x1

M: (602) 577-8311

scott@scotthelps.com

21501 N. 78th Ave #100

Phoenix AZ 85382

Company NMLS #2512600

Individual NMLS #155901



David Rickey

Home Loan Consultant,
Monument Mortgage
Group

www.azmonument.com

P: (602) 971-0544 x2

david@azmonument.com

21501 N. 78th Ave

Peoria AZ 85382

Company NMLS # 2512600

Individual NMLS #1493357