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.

Nathaniel Rutkoski
Mortgage broker, Zoom Loans
www.ZMLoans.com
M: (408) 767-6311
2140 W Grantline Rd
Tracy CA 95376
NMLS# 356590

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Melissa Jimenez
Realtor, Realty ONE Group Zoom
melissajimenezrealtor.com
P: (209) 627-0612
mjrealestate12@gmail.com
01916015

ONE REALTYONEGROUP ZOOM