Mortgage Rates Sneak to 2 Week Lows With Important Data on Deck

The bond market--which dictates interest rates--had a generally favorable response to yesterday's update from the Federal Reserve. While the Fed didn't cut rates, and while they're increasingly acknowledging that rate cuts are moving farther into the future, they still think data will evolve in a way that results in the next move being a cut as opposed to a hike.

Positive momentum continued today, in spite of several economic reports that argued the opposite case. Had these reports been top tier market movers, the counterintuitive victory would have been highly unlikely.

Friday is a different sort of day in terms of economic data. The big monthly jobs report is in a league of its own when it comes to labor market data, and while it may not currently be the most important report on any given month, it's a consistent 2nd place behind CPI. After the jobs report, we'll get a strong 2nd tier contender in the form of ISM's service sector index.

These two reports have the power to accelerate or reverse the friendly tone seen in rates over the past 2 days. As for today, the average lender inched just barely to the lowest levels since April 12th. This wasn't the case in the first half of the day, but as bonds improved, many lenders were able to issue mid-day reprices.

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