

MORTGAGE RATE WATCH

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Mortgage Rates Fully Erase Last Week's Spike

Mortgage rates had a rough go of it in the 4 days following Memorial Day weekend (i.e. last week). To be fair, the tough part was limited to the first two days. Thursday and Friday both helped to undo some of that damage, but the average lender was still at higher levels compared to the week before the holiday weekend.

That has changed today. The bond market (which dictates rate movement) was hungry for more economic data to provide directional cues and rates readily responded to today's top offering.

The widely-followed ISM manufacturing index came out weaker than the median forecast, both in terms of overall activity and in the component that measures price pressure. Prices are still elevated according to this data, but they made a nice move in the other direction, thus putting an end to a disconcerting spike that had dominated the year so far.

Sharp improvements in the bond market led to another nice drop in mortgage rates. The average lender is now back to the lowest levels in nearly 2 weeks, but not yet back to the recent lows seen on May 15th.

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