

MORTGAGE RATE WATCH

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Mortgage Rates Move Lower After Weak Service Sector Report

"Data dependent" is one of the most common phrases heard from the Federal Reserve these days when it comes to rate-setting policy. And while the Fed doesn't directly dictate mortgage rates, the bond market tends to trade the same data that the Fed cares about.

Today's key report, the ISM Services index, isn't quite at the top of the Fed's list, but it's a longstanding market mover when it comes to bonds and, thus, rates. Today's installment was much weaker than expected. Weak data correlates with lower rates, all other things being equal.

Bonds improved immediately after the release. This allowed mortgage lenders to set lower rates today. Some lenders had already published their initial rates for the day and several of them ended up issuing positive reprices before the end of the day.

The bond market is closed tomorrow for the holiday, but will be back to digest an even more important economic report on Friday morning: the big jobs report.

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