

MORTGAGE RATE WATCH

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Mortgage Rates Treading Water, Waiting For Motivation

In week-over-week terms, mortgage rates are **modestly higher** this afternoon compared to last Wednesday. In the slightly bigger picture, however, rates are best thought of as being flat since leveling off in late April after spending most of the month falling from longer-term highs.

In other words, we made it through the first big post-covid rate spike in the beginning of 2021 and now we're **waiting** to see where the next big bout of momentum takes us. Generally speaking, if the incoming economic data is much stronger than expected, the next move in rates is more likely to be "up." That's a very basic principle for rate watchers to understand and things rarely end up playing out in such a tidy and logical way.

In the current case, **not only** would data need to be stronger than expected, but it would need to keep that performance up for weeks or months in order to really spook the bond market into moving toward significantly higher rates. Such journeys certainly have starting points though, and we're **just now** getting into a time frame where it's not completely insane to start looking for clues. One of the market's favorite clues arrives on the first Friday of every month in the form of the government's official jobs tally (The Employment Situation, more commonly referred to as "the jobs report").

Bottom line: this Friday's jobs report does have some potential to cause smaller scale volatility for rates (for better or worse), but it will take a concerted effort on the part of multiple economic reports before we're conclusively breaking out of the current sideways pattern.



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