MORTGAGE RATE WATCH
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Mortgage Rates Move Slightly Higher Following Stronger Econ Data

The most basic way to think about interest rate movement is to assume that a strong economy pushes rates higher and vice versa. There are many other considerations that end up taking precedence at times, but today was a good, old-fashioned, boring, logical day in that regard.

There were three separate employment-related reports out in a short window of time early this morning. All of them were stronger than expected. Strong jobs data does a few things. It suggests a strong economy (which is more capable of supporting higher rates). It suggests upward pressure on wages (which, in turn, drives inflation higher, and high inflation = high rates). But most importantly, it fuels the expectation among investors that the Fed will draw similar conclusions about the economy and inflation.

We care an awful lot about the Fed's take on such matters because if they're concerned about inflation or if they think an extra strong jobs market allows them some wiggle room to be extra aggressive in fighting inflation, they will err on the side of hiking rates a bit higher than they otherwise might. They'll also try to keep rates at the ceiling level for longer than they otherwise might.

All of this is more important of a consideration than normal today because tomorrow morning brings the Employment Situation--the big "jobs report" that causes more market movement than any other labor market data.

As for today, the trifecta of lesser reports was enough for some modest upward pressure with the average lender back up to 6.5% for a top tier 30yr fixed scenario. Things could change appreciably tomorrow, depending on the outcome of the data.

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