MORTGAGE RATE WATCH
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Mortgage Rates Briefly Hit 3 Week Lows; More Volatility on The Way

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There's likely no getting around that fact that mortgage rates will be moving noticeably--possibly substantially--in the coming days. This is due to the arrival of two long-awaited economic reports. Each has the power to push rates higher or lower on its own. If they both happen to push in the same direction, the shift could be big.

The first arrives tomorrow morning in the form of the big monthly jobs report (official name: The Employment Situation). The median forecast sees 180k new payrolls for the month of April compared to 236k in March. Other labor market anecdotes are actually almost unanimous in their suggestion for a higher number. If it comes in much higher than expected, rates would almost certainly be moving higher.

The second report--the Consumer Price Index (CPI)--is every bit as important next Wednesday. This is the leading indicator for inflation in the US and it has been one of the leading sources of motivation for interest rates on the occasions where it has surprised the market.

It's important to understand that there's no way to know how the data will come out ahead of time compared to the median forecast. It's equally important to understand that those forecasts have already considered everything that can currently be known about the factors that are likely to impact the number. This can be confusing at times when the annual CPI % is falling simply due to the change in composition of the trailing 12 months. We'll discuss this in greater detail on Tuesday.

As for today rates started out slightly lower and continued to drop into the afternoon due to headlines regarding the potential sale of Western Alliance Bank. Bonds bounced back into weaker territory by the end of the day (weaker bonds = higher rates) and the average lender returned to levels that were closer to yesterday's.