

MORTGAGE RATE WATCH

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Mortgage Rates Barely Budge After Big Ticket Data

The big jobs report on the first Friday of any given month can be big business for interest rate volatility. Today's example was no exception, but let's emphasize the "can be" part of that claim. There's potential, and then there's reality.

At first, it looked like the jobs report might live up to its potential. Job creation was higher than expected--something that's normally bad for interest rates. True to form, the bonds that underlie mortgage rate movement began to jump immediately following the release of the data. But in the next few minutes, other aspects of the report helped balance the reaction.

Incidentally, other economic data also helped push back in the other direction. The ISM Services index--a broad based measurement of the health of the services sector from the Institute for Supply Management--fell to levels that indicated essentially zero growth. More importantly, the employment-specific component of the index plummeted to the lowest levels since covid lockdowns. The bond market was even more willing to react to ISM than to the jobs report.

The net effect was modestly positive for mortgage rates, but slow losses into the afternoon left the bond market in roughly unchanged territory. The average mortgage lender ended the day just a hair lower than yesterday afternoon.



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