

# MORTGAGE RATE WATCH

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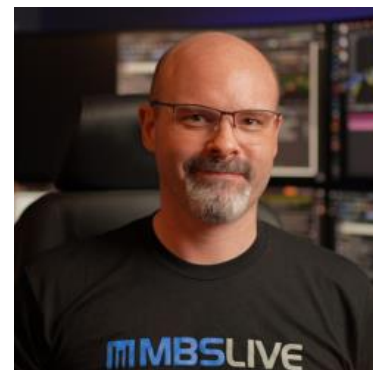
## Rates Right in Line With Long-Term Lows, But That Could Change on Friday

"Long-term" is a subjective measurement, but in this case, it refers to the the past 7 or 8 months. Today's mortgage rates dropped to levels that--until 2 other recent days in late December--haven't been seen since May, 2023. In other words, we're effectively at 8 month lows today, even if those lows aren't very different from the lows in late December.

This week's precipitous drop came courtesy of factors other than the slate of economic data. That's interesting because we'd been eagerly anticipating this week's econ data as a potential source of volatility. Instead, it was a friendly update from the U.S. Treasury on its borrowing plans (something that can have a big, indirect impact on mortgage rates by altering the supply/demand equation in the Treasury market which then spills over into the mortgage market).

All of the above means that Friday morning's jobs report is our first significant opportunity to see a big move in rates that's driven by economic data. As is always the case ahead of this report, the reaction could easily take rates quite a bit higher or lower. It can also thread the needle and keep things fairly flat.

The market is expecting the job count to drop to 180k from last month's 216k. A lower number would likely keep low rates intact, and a much lower number would allow for new longer-term lows. Conversely, a number over 200k would be more likely to put upward pressure on rates. It's not uncommon for the actual number to come in roughly 100k away from the forecast level. The farther from forecast, the likely we are to see the big reaction.



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