MORTGAGE RATE WATCH

Daily Coverage. Industry Leading Perspective.

Mortgage Rates Surprisingly Steady Despite Strong Jobs Report

Data dependent... That's a phrase that is all too prevalent in financial markets and among members of the Federal Reserve. It refers to the fact that economic data will guide the future path of interest rate decisions.

While rates always depend on data, the data outlook isn't always as uncertain as it has been in the past few years. At times, we've been waiting for inflation and job growth to stop surging. At other times, we've been waiting for them to confirm a move in the other direction. Either way, there are a few reports that financial markets watch more closely than others and today's jobs report is one of the best examples.

When job growth is higher than expected, the default reaction is for rates to move higher. The bigger the "beat" (which refers to the actual job count versus the median forecast among multiple economists), the bigger the rate jump tends to be, on average. With that in mind, today's payroll count of 303k versus a median forecast of 200k was a big beat!

It was no surprise to see bonds lose ground and rates move higher, but the size of today's rate increase is much more curious. The average lender was only modestly higher in rate.

It's curious, but it may not be incredibly surprising. Again, it's all about the data, and although Friday's jobs report is definitely one of the two most important reports on any given month, next week's Consumer Price Index (CPI) is bigger. Today's resilience could have a lot to do with the market waiting to see those results next Wednesday.

Mike Hardy

Mortgage Advisor, Fairview Mortgage Capital, Inc.

mortgagemike562.com

M: (562) 370-0544

29000 S. Western Ave.
Rancho Palos Verdes CA 90275

NMLS #1175689
DRE #01326046