

MORTGAGE RATE WATCH

Daily Coverage. Industry Leading Perspective.

Rates Jump Higher After Upbeat Economic Data

Mortgage rates had moved a bit lower since their most recent high last Thursday. By yesterday afternoon, the average lender had moved down to 6.49 from just under 6.63 for a top tier conventional 30yr fixed purchase. After this morning's economic data, almost all of that improvement was erased.

There were 5 separate reports in the 8:30am ET time slot, but 2 of them did all the damage. Retail Sales came in at 1.0% for the month of July, compared to a median forecast of 0.3%. Stronger sales implies a stronger economy and higher rates, all other things being equal.

The other report was less of an obvious problem for rates at face value, but arguably at least as important to traders responsible for bond market movement. Weekly jobless claims numbers were modestly lower than expected (227k vs 235k forecast). While this doesn't seem like a big deal, this timely labor market data is being closely watched in order to validate or reject the idea that the jobs market is cooling as much as the last big jobs report suggested.

One reason to pay extra attention to every little piece of labor market data is the fact that the Fed has explicitly said the labor market is occupying more of its focus as it considers when to cut rates and by how much.



Brant Phillips

President, Colten Mortgage

www.coltenmortgage.com

M: 3039090411

6021 S. Syracuse Way, Suit 104
Greenwood Village CO 80111

NMLS#6122

Company NMLS#14210

