

# MORTGAGE RATE WATCH

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## Mortgage Rates Near Recent Lows as Markets Wait For Jobs Report

Mortgage rates moved lower for the 2nd straight day on Wednesday with the average lender right in line with their lowest levels since August 5th. In fact, most borrowers would see little--if any difference between today's loans quotes and those from August 5th. As such, today's rates basically match the lowest in well over a year.

This is made possible by a series of economic reports that have "played nice" with the notion of the Fed cutting rates by at least 0.25% at the next meeting in 2 weeks. The bond market (which includes bonds that drive daily changes in mortgage rates) is constantly adjusting to get in position for the Fed's most likely course of action. By the time the Fed actually cuts, most of the mortgage rate movement associated with that cut will have already happened.

If economic data is important in determining the near-term momentum, the next two days are critical. Tomorrow's combination of Jobless Claims and the ISM Services index will set the tone early, but it will ultimately be Friday's big jobs report that provides the best chance for clarity on the Fed's rate cut plans.

Weaker jobs data would increase the odds of a 0.50% rate cut, and mortgage rates would drop in anticipation. Conversely, a stronger-than-expected jobs report would solidify the case for a 0.25% cut, likely pushing mortgage rates a bit higher in the interim. There's no way to know which direction things will go in the coming days, only that there is greater potential for the move to be bigger than those seen in recent days.



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