

# MORTGAGE RATE WATCH

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## Lowest Rates in a Year and a Half. Friday Could Take Them Even Lower (Or Cause a Big Bounce)

Wouldn't it be nice if you could know what was going to happen with mortgage rates before it actually happened? Since the dawn of time in financial markets, there's someone who's willing to make a seemingly compelling prediction about the future for every person who's willing to believe such things are better than 50/50 guesses. When it comes to time frames as short as 24 hours, it's a 100% coin flip.

Reason being: Friday's direction will be determined by the outcome of the Employment Situation (aka, the jobs report)--the single most important scheduled economic report on any given month. This installment is particularly important because it's in a unique position to influence the Federal Reserve's decision on the size of the rate cut that will be announced in 2 weeks.

Financial markets have long since adjusted to the expected outcome of the jobs report. In other words, if jobs come in at or around 160k payrolls, that's not actionable news even though it would constitute a big improvement over last month's 114k. It's the scenarios where the payroll count is less than 100k or more than 200k where the market is more likely to go a bit wild.

Under 100k would likely result in another meaningful move toward even lower rates than today's (already the lowest since April 2023). Over 200k would mean a quick return to the recent range. For better or worse, it's not out of the realm of possibility to see rates move by 0.1 to 0.2%. Contrast that to the average change over the past 2 weeks of less than 0.05%.

The report will be released at 8:30am ET which is well before mortgage lenders set their rates for the day.



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