MORTGAGE RATE WATCH
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Mortgage Rates Start Higher, But Fall After Economic Data

The Federal Reserve is far from the only game in town when it comes to exerting influence on interest rates. That's a loaded statement, of course, considering we spent last week explaining why mortgage rates often go the **opposite** direction from a Fed rate cut/hike. True to form, rates have generally inched higher since last week's Fed rate cut.

But the Fed will be the first to tell you that their decision-making process is primarily informed by what's going on in the economy. On that note, they are on the same footing as the financial markets that determine the day to day changes in rates.

The labor market is a particularly hot topic when it comes to monitoring economic data right now. The more it looks like it might be weakening, the more keen the Fed will be to keep cutting rates. Today's Consumer Confidence report showed the biggest gap in years between respondents who said jobs were plentiful and those who said jobs were hard to get.

After that data came out this morning, the bond market (which dictates rates) began to improve quickly. Mortgage lenders who began the day by offering slightly higher rates than yesterday were able to issue mid-day changes. The resulting levels leave the average lender just a hair lower than yesterday.

There will be more potentially important economic data on Thursday and Friday, but the biggest reports hit during the first week of October.

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