

# MORTGAGE RATE WATCH

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## Mortgage Rates Near 1-Month Highs, But That's Still Pretty Great

Mortgage rates moved higher today after an employment report suggested that Friday's forthcoming Employment Situation (the BIG jobs report) might come in slightly better than expected. The report in question, ADP Employment, is always released 2 days before the big jobs report and it's designed to align with the key headline of that report: nonfarm payrolls.

ADP's payroll count was only slightly higher than the market expected today, but that was enough for traders to sell bonds, thus pushing yields/rates higher. Thankfully, mortgage-specific bonds performed better than the rest of the bond market, thus limiting the upward movement in mortgage rates. Nonetheless, the average lender is back up to the highest levels since September 9th.

While that is getting pretty close to a full 30 days, mortgage rates are still a far cry from the levels seen during the first few days of September. Moreover, there hasn't been a ton of movement after the 9th, so it didn't take much of an increase to get us back to those levels. The average lender has been in a narrow range of about 0.125% the entire time.

All that having been said, the reaction to today's ADP report suggests the market is very willing to have a big reaction to Friday's jobs report. It's very true and very important to understand that there's no way to know how the jobs report will come out until it is actually released. The market has already adjusted to everything that can be known about the future. All we know is that volatility potential is elevated significantly heading into the end of the week.

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