

# MORTGAGE RATE WATCH

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## Consistently Higher Rates Since Fed Rate Cut, But Friday Could be BIG

Depending on how tuned in you've been to changes in our daily rate tracking, the news may be getting old at this point. Rates have done almost nothing but move higher ever since the Fed cut rates on September 18th. While this continues to be a challenge for some folks to comprehend, it was always a risk, which is why we spent several weeks warning about the possibility leading up to Fed Day. Thankfully, the increases have been small in the bigger picture.

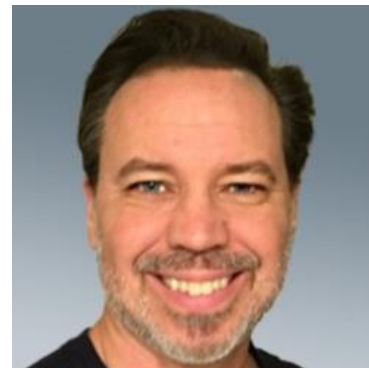
30yr Fixed Mortgage Rate Index, MND.NEWS



Today was just another day in that regard, although it was one of the bigger bumps in the road if we look at today's highest rates versus yesterday's lowest (Wednesday saw higher rates in the morning and lower rates in the afternoon. Thursday was the opposite pattern). Lenders increasingly increased rates throughout the day after an important economic report (ISM Services) showed much stronger than expected growth.

As important as ISM data is, it's nothing compared to Friday's forthcoming jobs report. No other piece of scheduled economic data has as much power to cause volatility for rates.

At this point the market has done a fairly good job of processing any remorse it might have had about getting too excited for Fed day and/or any anxiety that has been building about the econ data not being weak enough to justify a fast rate cut pace.



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This leaves Friday's data in a good position to either help or hurt in a fairly big way. The size of the reaction is generally proportional to size of the "beat" (job creation higher than expected) or "miss" (the opposite). There's no way to know which one we're going to get ahead of time. Occasionally, the data leads the bond market to "thread the needle" with rates ending up not far from where they started.