MORTGAGE RATE WATCH
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Mortgage Rates Finally Level Off After Quickest Spike in Months

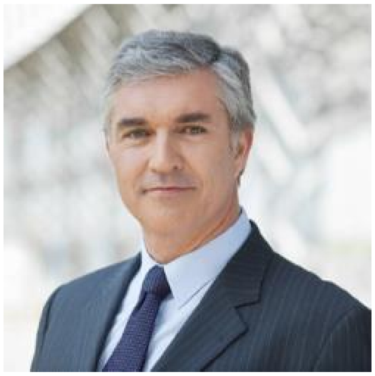
Mortgage rates spiked at their fastest pace in months on Friday following the jobs report and yesterday added insult to injury, making for a total increase of nearly 3/8ths of a percent (.375%) in the average lender's top tier conventional 30yr fixed rate.

Moves of this size are rare, but less so when the market gets a big piece of surprising information after recently hitting a longer term high/low. Those ingredients were in place this time around with prevailing rates close to the lowest levels in well over a year over the past few weeks and a shockingly strong jobs report.

The last similar example was in April of this year. Instead of jobs data, it was an inflation report that did the damage back then, but there's still a lesson to be gleaned. Simply put, it wasn't until the market received the next top tier economic report that rates began to move in the other direction.

In other words, while the worse may be over in terms of the rapid, upward movement, it will take new data to put compelling downward pressure on rates.

Back in April the bond market was a bit more focused on inflation than jobs, but both were considered top tier reports. At present, the market is much more focused on jobs, but inflation data could still have a moderate impact if it comes in far enough from forecasts. The next CPI (consumer price index--the biggest market mover among inflation reports) comes in on Thursday morning.



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