

# MORTGAGE RATE WATCH

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## Mortgage Rates Back to 7%

It's no mystery that mortgage rates have had a terrible October. As of last Friday, the average lender's top tier 30yr fixed rates were up to 6.90--an increase of more than 0.625% this month. Today's 0.10% increase brings the rate index up to 7.0% exactly which is the highest we've seen since July 10th.

The relatively larger size of today's jump is partly due to the timing of bond market weakness last Friday. Mortgage rates are based on bonds and mortgage lenders can make mid-day adjustments when bonds move enough during the day. The later in the day, the more likely it becomes that lenders will wait for the following day to adjust rates.

All that having been said, there was definitely new weakness today. Some of it can be traced to the Treasury auction process. Election odds are also assumed to be having an impact with the prevailing correlation between higher rates and better odds for a Trump victory.

While we should expect the election to continue making for a volatile rate environment, it's not the only game in town. This week sees the return of highly relevant economic data with Friday's jobs report being the most important, by far. Each of the past two jobs reports has had a huge impact on rates due to wide deviations from expectations. If Friday's report is anywhere nearly as surprising, the impact on rates should play out on a similar scale.

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