Mortgage Rates Just a Hair Lower. Friday Could be Much More Volatile

Mortgage rates are driven by movement in the bond market and bonds were on a shortened schedule today due to the federal day of mourning for Jimmy Carter. As such, volume and volatility were in short supply. Still, overnight market movement allowed the average lender to offer a microscopic improvement versus yesterday.

Tomorrow (Friday, Jan 9th) is a different story. The big jobs report comes out at 8:30am ET. Bonds routinely react to this report more than any other scheduled monthly data. In other words, there is much higher potential for volatility tomorrow as that reaction plays out.

As always, there is no way to know which direction things will move in response to economic data until we actually have the data in hand. As always, it's not whether the data is higher or lower than last time, but rather, how it comes in compared to the median forecast.

In this case, the median forecast for job creation is 160k, much lower than last month's 227k. If jobs were to come in under 100k, rates would likely improve. If the number is over 200k, rates would likely rise. The unemployment rate is also a consideration. It's expected at 4.2%. Higher is better for rates, and vice versa.

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