MORTGAGE RATE WATCH
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Mortgage Rates End Week Lower Despite Friday's Modest Bounce

Friday brought the release of the big jobs report which is historically more likely than any other monthly economic report to cause the biggest pops or drops. Today's installment can be filed under the "pop" category, but it was so quiet, you might not even hear it.

In fact, the drop in rates seen earlier in the week ended up being slightly bigger. It resulted in a 0.06% move lower in the average lender's top tier 30yr fixed rate while today's jobs report only caused a 0.03% move in the other direction.

The net effect is an average 30yr fixed rate that remains just barely over 7%.

Despite the relatively small movement today, it's plain to see that rates continue to favor reacting to economic data rather than news headlines. With that in mind, next week brings the only other economic report capable of competing with the big jobs report for volatility potential: the Consumer Price Index (CPI).

CPI is the first of the two major inflation indices released by the government. Inflation is being watched very closely right now. The Fed has repeatedly stated it is comfortable with where the labor market is at, but needs to see more progress on inflation to resume rate cuts.

Mortgage rates have a complicated relationship with the Fed Funds Rate over shorter time horizons, but they'd definitely move lower if inflation surprised to the downside next Wednesday.

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