MORTGAGE RATE WATCH
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Rates Finally Rise Ahead of Jobs Report

Mortgage rates have generally been falling since May 21st and have done nothing but move lower for more than 2 weeks. That winning streak finally came to an end today with the average lender moving up 0.06% for a top tier 30yr fixed quote.

While that's a moderately big jump for a single day, if we remove the past 4 days from the equation, today's rates would still be the lowest since early April. In other words, we're still in solid shape in the bigger picture.

Additionally, we've increasingly expected rates to bounce as the recent winning streak persisted. As of yesterday, it was up to 11 days and the odds of a bounce rise sharply after about 5-8 days.

Last but not least, it's also not uncommon for rates to "circle the wagons," so to speak, if they're in the midst of a sustained trend on the eve of a critical market event. Tomorrow's jobs report classifies as such an event. Along with the Inflation data coming out on July 15th, this data has the potential to firmly support or reject the notion that the Fed could cut rates as early as this month.

While we often go out of our way to remind our audience that the Fed Funds Rate doesn't dictate mortgage rates, a lot of that has to do with timing. Changes in Fed Funds Rate expectations almost always correlate quite well with mortgage rate movement, and this data could absolutely change those expectations.

As with any big ticket economic report, there's no way to know how it will fare versus the consensus ahead of time because that consensus constantly adjusts for all available info. In other words, if other reports suggest a weaker labor market, forecasters will update their forecasts and traders will take a lead-off in the corresponding direction. Bottom line: all we can know is that potential volatility is high tomorrow (Thursday) morning, for better or worse.

Oliver Orlicki
Founder, The Orlicki Group
www.orlickigroup.com
P: (813) 302-1616
401 E Jackson Street Suite 2340
Tampa FL 33602
205123
2072896