Mortgage Rates Rose Less Than Expected After Employment Data

Today brought the hotly anticipated jobs report. This is the "official" job count and unemployment rate data for the U.S. and no other report has as much consistent power to cause volatility in the rate market. Today's was particularly important because a perpetually decent labor market is the main justification for the Fed to wait and see if tariffs have an impact on inflation before proceeding with additional rate cuts.

In other words, if unemployment were rising, the Fed would be cutting rates. Not only did today's report show no rise in unemployment, there was actually a decline from 4.2 to 4.1%, falling well short of an expectation for an increase to 4.3%. In addition, the job count rose to 147k--a notable difference from the forecast consensus of 110k.

With that, the underlying bond market surged toward higher yields. When yields are surging higher, it implies upward pressure on mortgage rates, but the latter didn't take as much damage as the bond market suggested. The average lender was only slightly higher compared to yesterday, thus suggesting lenders were already getting in position for today's data earlier in the week.

This isn't to say lenders knew what was going to happen. Rather, rates had fallen to the lowest levels in several months as of Monday. Lenders could have dropped them even more, but with important data on the way and an extended holiday weekend ahead, they left themselves a bit of a cushion. That cushion helped absorb most of today's bond market movement without the need for big mortgage rate changes.

Rich E Blanchard
Managing Director, RICH Home Loans LLC
https://www.richhomeloans.com
P: (303) 328-7047
1550 Wewatta St
Denver CO 80202
NLMS: 492461

RICH
HOME LOANS LLC