

## Modest Increase in Rates is a Win. Here's Why

Mortgage rates moved 0.03% higher today. On almost any other day, this would be a bit of a bummer, but in today's case, it's a victory.

There was a ton of potential volatility in the underlying bond market heading into the day due to the scheduled release of the big monthly jobs report. In addition, rates had taken a bit of an anticipatory lead-off ahead of the data (or at least it looked that way).

The implication was that a strong jobs report would come as a surprise and require a rapid correction toward higher rates--possibly significantly higher.

Truth has been stranger than fiction. The job count crushed expectations and the unemployment rate fell to the lowest level since September. These numbers should have caused more damage than they did (i.e. we would not have been surprised to see mortgage rates jump twice as fast as they did, at the very least).

What accounts for this welcome display of defiance? That's unclear. It's a phenomenon that's playing out in the broader bond market and not just in the world of mortgage-backed bonds. Either way, we'll take it!

### Joshua Daniel

President, NAV Home Loans

**P:** (303) 929-0578

**M:** (303) 929-0578

3425 S Inca St  
Englewood Colorado 80110  
2708570

