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## Rates Bounce After Hitting 2 Month Lows

Interest rates were remarkably calm in the last week of March. The market was in the process of shifting focus from the banking sector back to economic data. It just so happened that last week was light on data. This week was quite the opposite.

The first week of any given month often brings several of the most meaningful monthly economic releases. These include reports from the Institute for Supply Management (ISM) and most notably, the Employment Situation (more commonly referred to as "the jobs report").

Virtually all of the economic data that came out in the first 3 days of the week was good for bonds/rates. In other words, the data was weaker than expected. Bonds benefit from weak data because a slower economy is less capable of sustaining growth and inflation--two of the main pillars of interest rates.

As expected, bonds were eager to get some actionable economic updates and rates wasted no time responding to downbeat news from ISM. There are two flavors of ISM Purchasing Managers Indices (PMIs). Each can be thought of as a broad barometer for growth in the corresponding sector where anything over 50 is good/growing and anything under 50 signals contraction.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.86%	-0.05	0.00
15 Yr. Fixed	6.31%	-0.02	0.00
30 Yr. FHA	6.32%	-0.06	0.00
30 Yr. Jumbo	7.04%	-0.03	0.00
5/1 ARM	6.53%	-0.02	0.00

### Freddie Mac

30 Yr. Fixed	6.78%	-0.08	0.00
15 Yr. Fixed	6.07%	-0.09	0.00

Rates as of: 7/26

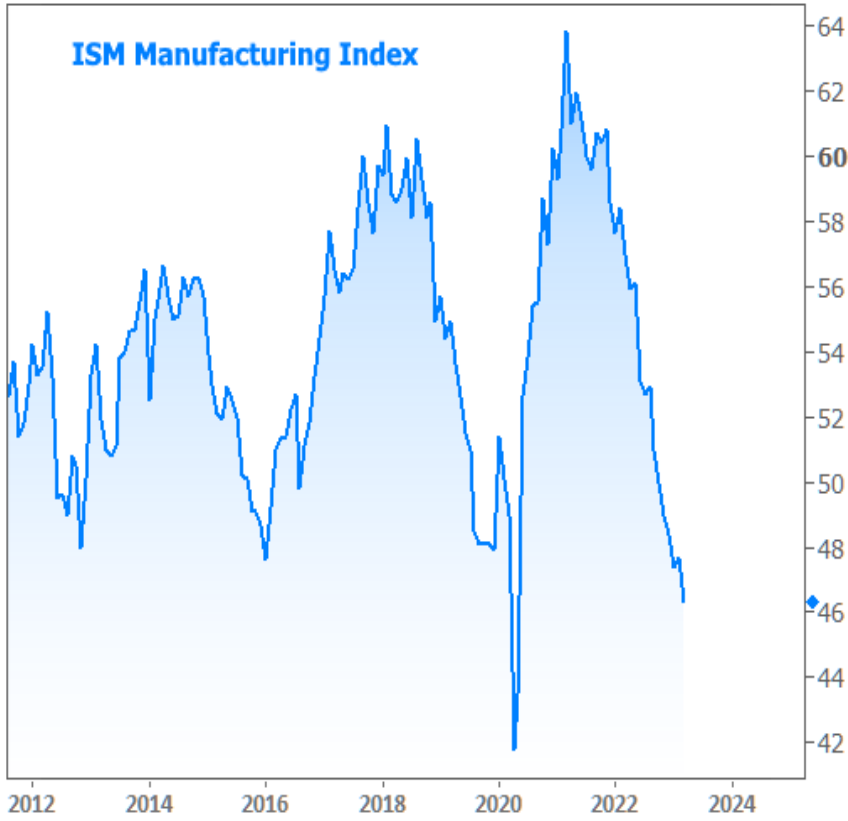
## Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.68	+0.27
MBS GNMA 5.5	99.98	+0.13
10 YR Treasury	4.1958	-0.0474
30 YR Treasury	4.4523	-0.0305

Pricing as of: 7/26 5:59PM EST

## Recent Housing Data

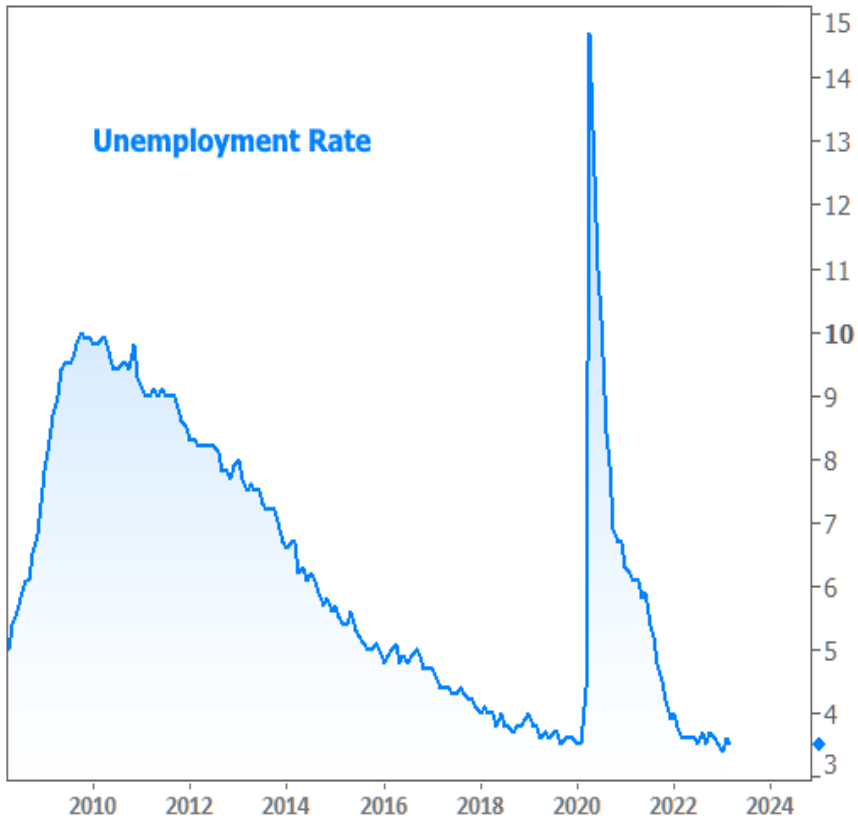
		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%



Rounding out the rate-friendly news in the first half of the week, the Job Openings and Labor Turnover Survey (JOLTS) showed much lower job openings in the month of February. The numbers are still very high overall, but markets are looking for a trend as opposed to an outright level. Taken in conjunction with the ISM data, JOLTS added to the sense that persistently resilient economic momentum is cooling off.



But JOLTS wasn't the market's first choice of labor market indicators for the week. The big jobs report is in a different league. In this case, it actually had something different to say. Job creation was right in line with expectations. Wage growth stayed solid. Unemployment ticked down to 3.5%, and the labor force grew to its largest level since March 2020. It would be hard to make a strong case for labor market weakness when a chart of the unemployment rate looks like this:



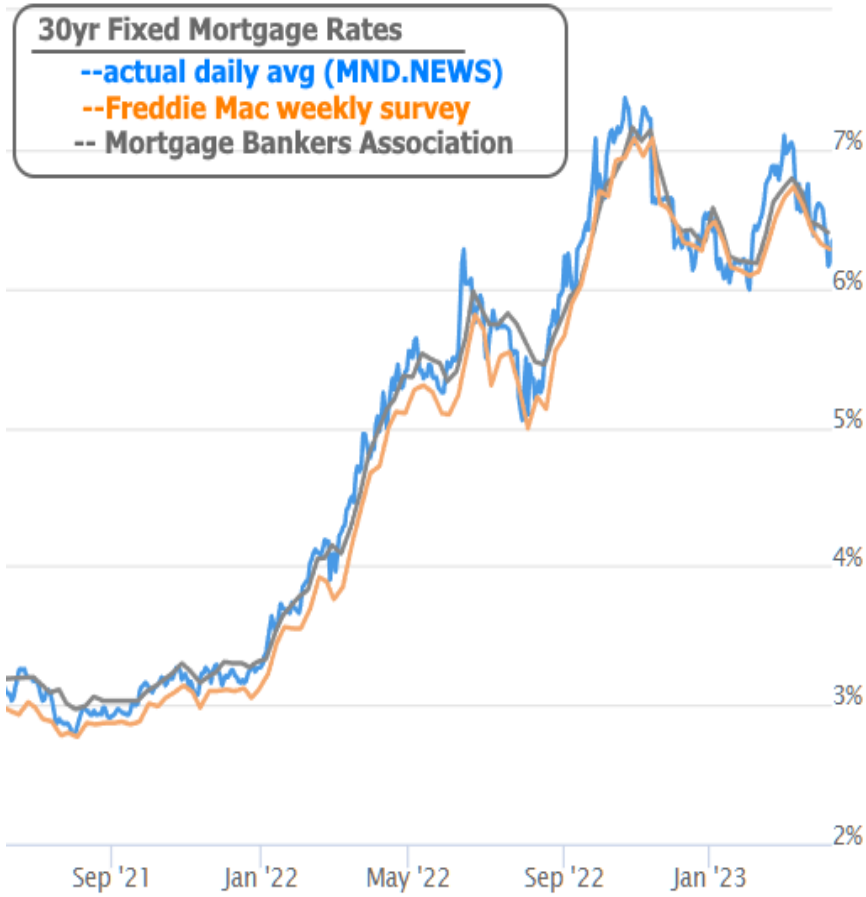
The bond market agreed and quickly re-thought some of the progress it had made in the wake of the week's previous data. To be fair, traders already thought plenty of progress had been made by Wednesday morning based on the way momentum toward lower rates dried up by the middle of Wednesday.



The reversal was even more pronounced for Fed rate hike expectations. At one point, the market had completely priced out the chance that the Fed would hike rates again this year. But after the jobs report, rate expectations returned to the same levels from the start of the week.



Mortgage rates almost always follow the rest of the bond market, even though the proportions can vary. The average lender made it down to the lowest 30yr fixed rates since early February by Thursday, but then bounced higher with the rest of the bond market on Friday. On a bright note, the bounce in mortgage rates wasn't nearly as big as it was for other parts of the bond market.



In the bigger picture, top tier rates have been consolidating in a range between 6 and 7 percent, roughly. This is emblematic of the broader debate for the entire bond market. Whether it's 6-7% in mortgages or 3.3-3.8% in 10yr Treasury yields, markets are waiting for clarity on growth and inflation. If this week's data was only worth a small amount of volatility in that broader range, it's not hard to imagine that we'll need a few months of consistent messaging from other economic data to settle the debate.

Still, some voices are louder than others when it comes to this particular debate and we'll hear from one of the loudest next week. The Consumer Price Index (CPI) will be released on Wednesday morning. If there is one other report with as much street cred as the big jobs report these days, CPI is it. If it shows core inflation coming in hotter than expected for March, rates would be under pressure to head back up into the prevailing range. But if inflation looks like it's shifting into a calmer gear, rates might not need much more convincing before attempting to break below that range.

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**Recent Economic Data**

Date	Event	Actual	Forecast	Prior
Monday, Apr 03				

**Event Importance:**

- No Stars = Insignificant
- ☆ Low
- ★ Moderate

☆☆ Important  
 ☆☆☆ Very Important

Date	Event	Actual	Forecast	Prior
10:00AM	Mar ISM Manufacturing PMI	46.3	47.5	47.7
10:00AM	Mar ISM Mfg Prices Paid	49.2	51.0	51.3
10:00AM	Feb Construction spending (%)	-0.1	0.0	-0.1
<b>Tuesday, Apr 04</b>				
10:00AM	Feb Factory orders mm (%)	-0.7	-0.5	-1.6
10:00AM	Job Openings and Labor Turnover Survey (JOLTS)			
<b>Wednesday, Apr 05</b>				
7:00AM	w/e MBA Refi Index	477.2		504.4
8:15AM	Mar ADP jobs (k)	145	200	242
8:30AM	Feb Trade Gap (bl)	-70.5	-69.0	-68.3
10:00AM	Mar ISM N-Mfg PMI	51.2	54.5	55.1
<b>Thursday, Apr 06</b>				
7:30AM	Mar Challenger layoffs (k)	89.703		77.770
8:30AM	w/e Jobless Claims (k)	228	200	198
<b>Friday, Apr 07</b>				
8:30AM	Mar Non-farm payrolls (k)	236	239	311
8:30AM	Mar Average earnings mm (%)	0.3	0.3	0.2
8:30AM	Mar Unemployment rate mm (%)	3.5	3.6	3.6
<b>Tuesday, Apr 11</b>				
1:00PM	3-Yr Note Auction (bl)	40		
<b>Wednesday, Apr 12</b>				
7:00AM	w/e MBA Purchase Index	179.6		166.6
7:00AM	w/e MBA Refi Index	477.5		477.2
8:30AM	Mar m/m CORE CPI (%)	0.4	0.4	0.5
8:30AM	Mar y/y CORE CPI (%)	5.6	5.6	5.5
1:00PM	10-yr Note Auction (bl)	32		
<b>Thursday, Apr 13</b>				
8:30AM	Mar Core Producer Prices MM (%)	-0.1	0.3	0.0
8:30AM	Mar Core Producer Prices YY (%)	3.4	3.4	4.4
8:30AM	w/e Jobless Claims (k)	239	232	228
1:00PM	30-Yr Bond Auction (bl)	18		
<b>Friday, Apr 14</b>				
8:30AM	Mar Retail Sales (%)	-1.0	-0.4	-0.4
8:30AM	Mar Import prices mm (%)	-0.6	-0.1	-0.1
9:15AM	Mar Industrial Production (%)	0.4	0.2	0.0
10:00AM	Apr Consumer Sentiment	63.5	62.0	62.0

## About Me

I am proud to say that I am one of the top producing mortgage brokers in the country, ranking in the top 20 nationally by Scotsman Guide for each of the past 5-years, the top producing mortgage broker for Utah volume 2019-2023, and the top producing VA mortgage broker in 2024. I have personally closed over 12,000 mortgage loans for \$4 billion in my 22-year career. In 2023, I was ranked #6 nationally by Scotsman Guide Top Mortgage Brokers, closing 400 loans for \$185 million, while guiding my clients through the entire loan process.

Since I began in this industry over 20-year ago, my focus has always been on improving systems and increasing efficiencies to drive down the cost of a mortgage loan for the consumer. I am obsessed with originating mortgage loans and helping consumers achieve their home financing goals in expeditious fashion. I adopt a "do whatever it takes" and "do it now" mentality until the job is done and my clients are completely satisfied.

My customer experience pillars are 1) An Extremely Low Price, 2) Fast Closing Time (~18 day average), 3) Instant Response and 4) Extreme Efficiency. My success in the mortgage field is attributable to my high level of integrity, reliability, efficiency, and obsession with client service. I look forward to helping you with any mortgage questions, and helping you obtain some of the very lowest mortgage rates available in the market.

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