

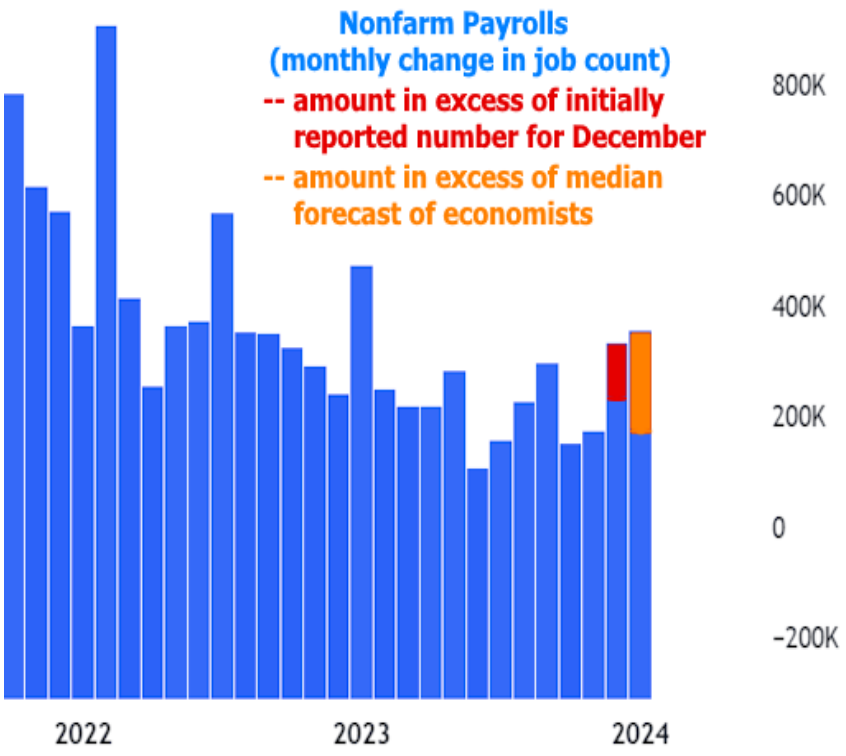
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Worst Day For Rates in More Than a Year After Jobs Report, But It's Not as Bad as it Sounds

Interest rates have a long and reliable history of reacting to the jobs report more than any other monthly economic data and the most recent example sent mortgage rates screaming higher at the fastest pace in over a year.

Labor market strength = higher rates, all other things being equal, and Friday's NFP or "nonfarm payrolls" (the main component of the report), came in **significantly** higher than expected (353k vs 180k forecast). December's payroll count was also revised much higher (333k versus 216k previously).



When NFP deviates from expectations by such a wide margin, it's unfortunately common to see a lot of commentary suggesting some sort of manipulation or at least incompetence, but that's not something that smart, credible market participants tend to entertain. Reason being: they understand that January's jobs data (the stuff released in early Feb) is often plagued by major departures from expectations because it's the one month of

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.22%	-0.08	0.00
15YR Fixed	6.85%	-0.06	0.00
30YR FHA	6.89%	-0.06	0.00
30YR Jumbo	7.40%	-0.05	0.00
7/6 SOFR	6.73%	+0.02	0.00
30YR VA	6.90%	-0.07	0.00

Rates as of: 11/4

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	100.17	-0.03
10 YR Treasury	4.8880	+0.0026
30 YR Treasury	5.2666	-0.0133

Pricing as of: 11/5 7:10AM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 21	195	+3.39%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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the year where the Bureau of Labor Statistics (BLS) implements new benchmarks based on a comprehensive count of jobs conducted in March of the previous year.

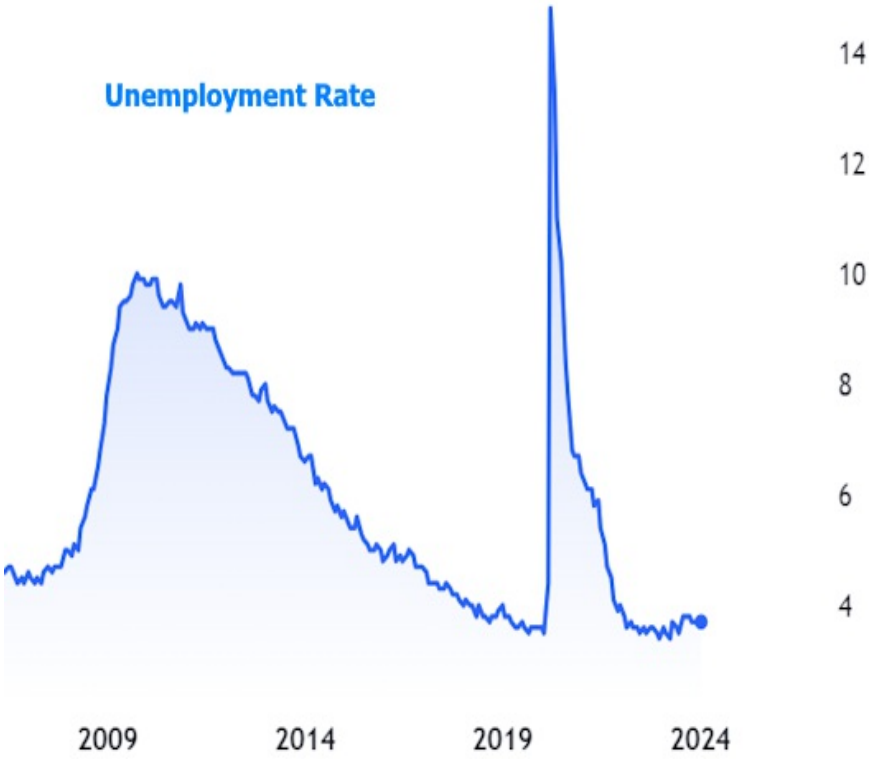
The BLS benchmark revision process is mind-numbingly arcane for most people who don't have a background in statistics. Unfortunately, the esoteric nature of the problem leaves lots of room for people without a background in statistics to come up with conspiracy theories.

To understand this better, consider the changing composition of jobs over time. BLS adjusts job counts based on weightings that are determined once per year based on a more thorough count of labor market information in March. If the composition of the labor market is changing more rapidly than normal (which is an understatement for the post-covid economy), it can result in big deviations from expectations when the revisions are implemented in the January data.

If you'd like to see the actual changes in each industry category, BLS publishes the data here: https://www.bls.gov/web/empsit/cesprelbmk.htm

Benchmark revisions, alone, don't explain the wild results this week, but they help the financial market take the numbers with a grain of salt.

There are, of course, other ways to look at the labor market without having to worry about all that confusing stuff. For instance, we could simply ask people if they're unemployed. BLS does that and, indeed, those numbers were far less shocking (unemployment rate of 3.7%, unchanged from last month, but slightly stronger than expected).



Even after the "yeah buts," the jobs report was still deemed much stronger than expected, and that's the sort of thing that pushes mortgage rates higher.

The bond market (which determines rates) was also stretching into levels that were arguably a lot lower than expected due to events of the previous 4 days this week. That made Friday's whiplash all the more brutal. Without the big drop earlier in the week, bond yields would look like they were leveling off more gently from recent highs.

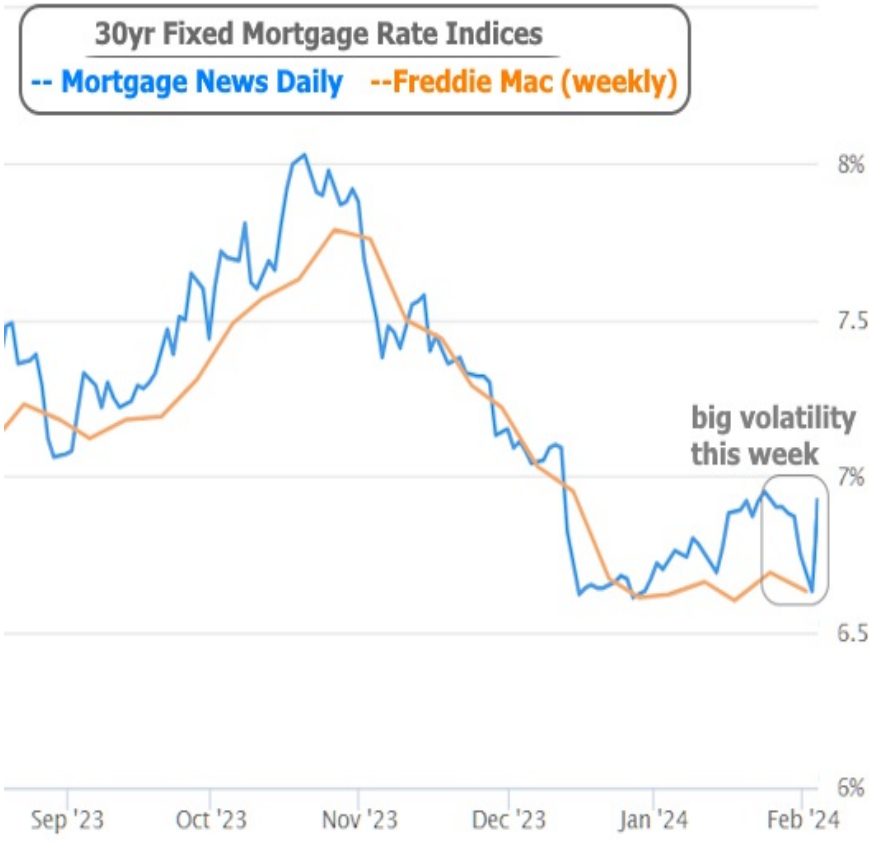
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Consider this, both of the past 2 days saw the biggest drop in mortgage rates in more than a month. The two days before that were also slightly stronger. Mortgage rates on Friday are roughly in line with last week's highest rates. Only by comparing Thursday's surprisingly low rates to Friday's abrupt bounce can we observe the biggest single day jump since October 2022.



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Believe it or not, there are even more confusing reasons behind this week's volatility that have to do with the structure of the mortgage-backed securities market, but we'll save that for a dedicated "deep dive" in the future. The bottom line is that it took something of a perfect storm to cause this big of a jump in rates.

Rather than focus on attempting to understand why things happened in the recent past, perhaps it's better to consider what it means for the near-term future. The good news is that a strong labor market alone is not capable of keeping rates at higher levels if inflation continues to come down.

In this week's policy announcement press conference, Fed Chair Powell said the Fed is confident that inflation is doing what it needs to in order for the Fed to cut rates this year, but that they'd like to be just a bit more confident. Strong labor market data increases doubts, all other things being equal, but if upcoming inflation reports show more evidence of core inflation moving back to the 2% target, financial markets will move into position for lower rates even before the Fed officially cuts.

The next major inflation report is 2 weeks away which leaves investors to focus on other economic data next week in addition to comments from Fed speakers and the Treasury auction cycle.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Jan 29				
3:00PM	Treasury Refunding Financing Estimates (%)			
Tuesday, Jan 30				
9:00AM	Nov FHFA Home Prices y/y (%)	6.6%		6.3%
9:00AM	Nov CaseShiller 20 mm nsa (%)	-0.2%		0.1%
9:00AM	Nov FHFA Home Price Index m/m (%)	0.3%		0.3%
9:00AM	Nov Case Shiller Home Prices-20 y/y (%)	5.4%	5.8%	4.9%
10:00AM	Dec USA JOLTS Job Openings	9.026M	8.75M	8.79M
Wednesday, Jan 31				
7:00AM	Jan/26 MBA Purchase Index	154.5		174.3
7:00AM	Jan/26 MBA Refi Index	445.6		438.4
8:15AM	Jan ADP jobs (k)	107K	145K	164K
8:30AM	Treasury Refunding Announcement (%)			
8:30AM	Q4 Employment costs (%)	0.9%	1%	1.1%
9:45AM	Jan Chicago PMI	46	48	46.9
2:00PM	Fed Interest Rate Decision	5.5%	5.5%	5.5%
2:30PM	Fed Press Conference			
Thursday, Feb 01				
8:30AM	Jan/27 Jobless Claims (k)	224K	212K	214K
10:00AM	Jan ISM Manufacturing PMI	49.1	47	47.4
10:00AM	Dec Construction spending (%)	0.9%	0.5%	0.4%
Friday, Feb 02				
8:30AM	Jan Non Farm Payrolls	353K	180K	216K

Event Importance:

No Stars = Insignificant
☆ Low
★ Moderate
★★ Important
★★ Very Important

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Date	Event	Actual	Forecast	Prior
8:30AM	Jan Unemployment rate mm (%)	3.7%	3.8%	3.7%
10:00AM	Jan Consumer Sentiment (ip)	79	78.9	69.7
10:00AM	Dec Factory orders mm (%)	0.2%	0.2%	2.6%
Monday, Feb 05				
9:45AM	Jan S&P Global Services PMI	52.5	52.9	51.4
10:00AM	Jan ISM N-Mfg PMI	53.4	52	50.6
2:00PM	Loan Officer Survey			
Tuesday, Feb 06				
1:00PM	3-Yr Note Auction (bl)	54		
Wednesday, Feb 07				
1:00PM	10-Year Note Auction	4.093%		4.024%
Thursday, Feb 08				
8:30AM	Feb/03 Jobless Claims (k)	218K	220K	224K
Thursday, Apr 11				
1:00PM	30-Yr Bond Auction (bl)	22		

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About Me

I'm the Founder & CEO of World Home Loans, a mission-driven mortgage brokerage built with one purpose: to give consumers, especially Veterans, the respect, speed, and savings they deserve when financing a home.

Over the past 2 years, I've personally closed over 600 VA purchase loans and personally funded more than $375M in the past 12 months. Along the way, I learned that America's Veterans are too often underserved by big-box lenders—facing higher rates, slower closings, and a lack of genuine care. That's why I built World Home Loans.

 Our Mission:
• To serve our Veterans by offering ultra-low mortgage rates and closing costs.
• To empower Veterans with the knowledge and resources needed to make informed home financing decisions.
• To stand against and eliminate the widespread overcharging of Veterans that has persisted in the mortgage industry for decades.

At World Home Loans, we back this mission with execution:
 Faster closings (our average is 18 days)
 Better pricing (consistently beating national averages)
 White-glove experience that earns 5-star reviews at scale
 A platform where top producers can 2–3X their volume through efficiency, brand power, and unmatched VA expertise.

With "Victory on the Home Front" as our rallying cry, World Home Loans is on course to become the dominant VA-focused lender in the country.

 Alongside building WHL, I'm writing my book The Efficient Closer: Building a Mortgage Empire with Precision and Purpose—a playbook for originators who want to scale with speed, systems, and execution.

Brian Cooke 

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