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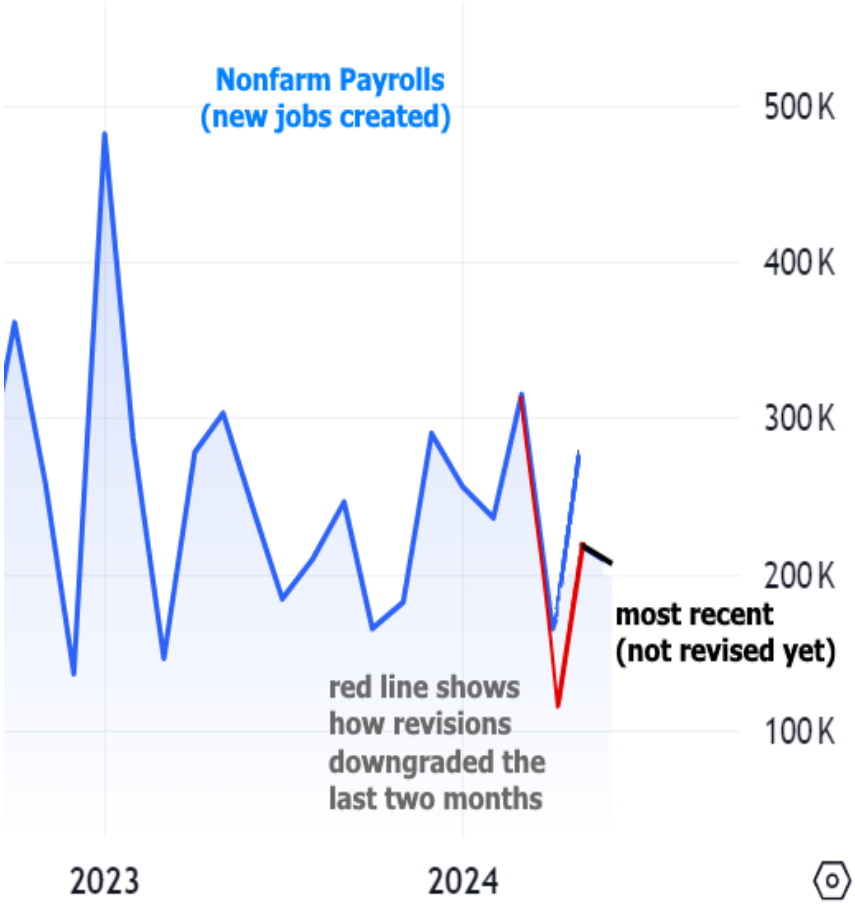
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Economic Data Building a Case For Rate Cuts

It may have been a shorter week than normal due to the holiday, but it was no less important with several economic reports adding to the case for rate cuts.

The first week of any given month typically hosts the same group of economic reports. Several of these have a strong track record of causing volatility for rates. Friday's jobs report is the perennial top dog, but the impact on rates depends on how far the results fall from forecasts.

In the current case, the job count was actually right in line with forecasts (a hair higher, actually). That would normally be bad for rates, but there were several offsetting factors. Chief among these were the large downward revisions to the job count (officially "nonfarm payrolls") from the past two reports.



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	5.2677	-0.0122

Pricing as of: 11/5 7:11AM 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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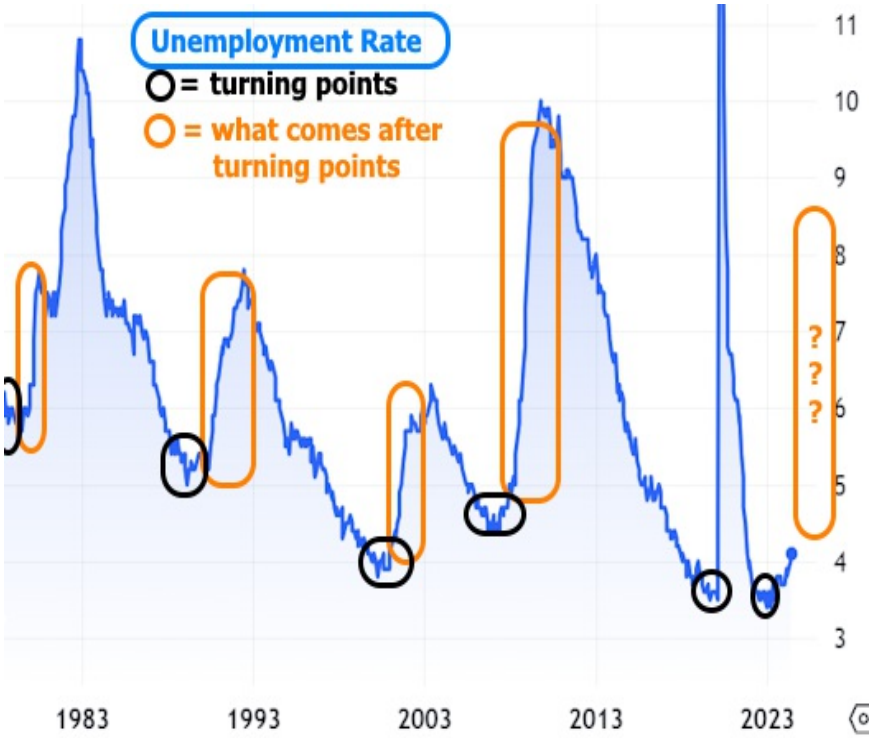
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It may not look like much on a chart, but this change is enough to make the recent trend look more like a labor market that's cooling off as opposed to one that's displaying mysterious resilience. In addition to the headline job count, the unemployment rate also ticked higher, nearly reaching a level that some economists consider to be high-probability evidence of a recession.



To understand why economists might view this sort of parabolic bottoming to be an excellent indicator of trouble ahead, just consider what typically happens next (visualized in the following chart).



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Of course the jobs report is only one piece of data and the unemployment rate is only one component. Moreover, one could argue that if any moment in economic history has a chance to buck longer-term trends, the past 2 years are high on the list. But that's why we look at other economic data too!

Of the week's other reports, the service sector index from ISM has the strongest track record of getting the market's attention. Not only was that true this time, but ISM actually had just as big of an impact as Friday's jobs report.

ISM doesn't usually hit nearly as hard as the jobs report, but this anomaly was fairly easy to reconcile with this particular ISM report being exceptionally weak. In fact, if we throw out the initial covid lockdowns, this was the weakest ISM Services report since the Great Financial Crisis recession.



Taken together, both ISM and the jobs report painted a picture of an economy that is showing more conclusive signs of a slowdown. This is one of the things the Fed wants to see in order to feel more confident about rate cuts. As such, financial markets adjusted yields accordingly, erasing the rate spike that began last Friday.

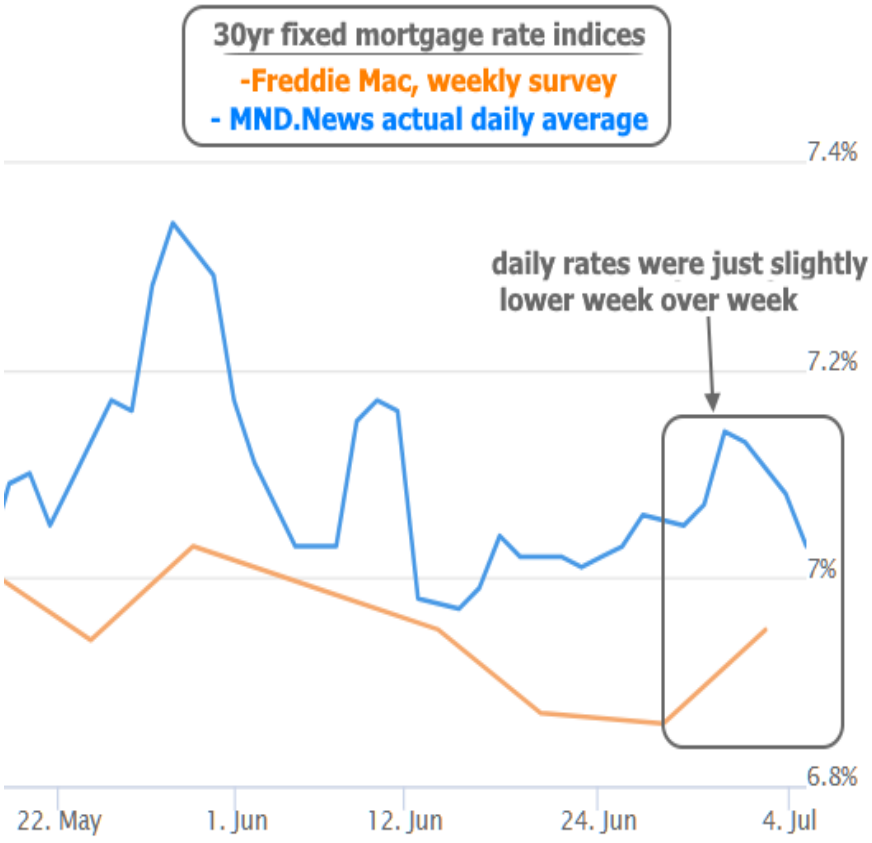
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"Yield" is another term for "rate." When bond yields fall, so do mortgage rates. The same was true this week, but many headlines disagreed because they were based on Freddie Mac's weekly rate survey. Freddie's methodology meant that last week's rate spike wasn't counted until the present week. Moreover, Friday's improvement won't be counted until next week. The daily tracking from Mortgage News Daily shows the real story.

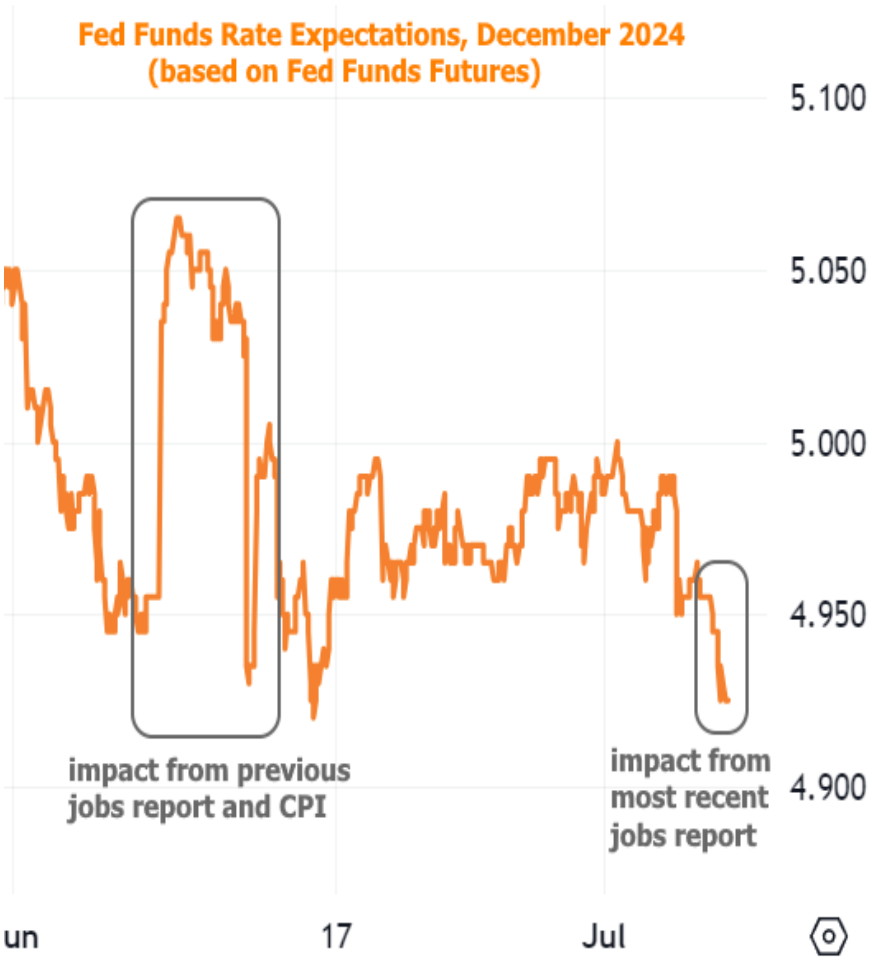


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As for Fed Funds Rate expectations, there was certainly a response, but it wasn't nearly as big as the response seen to the last jobs report and the subsequent Consumer Price Index (CPI).



Part of that has to do with the outright level of expectations being just below 5% for the end of the year. That means the market sees at least one and possibly two rate cuts. It would be a big deal for traders to bet on much more than that without confirmation from another rate-friendly CPI report.

With that in mind, the next release of monthly CPI data will be this coming Thursday morning! As always, keep in mind that there is no way to know which side of the consensus will win, only that a big difference between reality and forecasts will almost certainly produce a big move.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Jul 01				
10:00AM	Jun ISM Manufacturing PMI	48.5	49.1	48.7
10:00AM	Jun ISM Mfg Prices Paid	52.1	55.9	57.0
Tuesday, Jul 02				

Event Importance:

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

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Date	Event	Actual	Forecast	Prior
9:30AM	Fed Chair Powell Speech			
10:00AM	May USA JOLTS Job Openings	8.14M	7.91M	8.059M
Wednesday, Jul 03				
7:00AM	Jun/28 MBA Refi Index	544.1		552.4
7:00AM	Jun/28 MBA Purchase Index	142.9		147.8
8:15AM	Jun ADP jobs (k)	150K	160K	152K
8:30AM	Jun/29 Jobless Claims (k)	238K	235K	233K
8:30AM	Jun/22 Continued Claims (ml)	1858K	1840K	1839K
10:00AM	Jun ISM N-Mfg PMI	48.8	52.5	53.8
10:00AM	Jun ISM Services Prices	56.3	56.7	58.1
Friday, Jul 05				
8:30AM	Jun Average earnings mm (%)	0.3%	0.3%	0.4%
8:30AM	Jun Unemployment rate mm (%)	4.1%	4%	4%
8:30AM	Jun Non Farm Payrolls	206K	190K	272K
Tuesday, Jul 09				
10:00AM	Fed Chair Powell Testimony			
Wednesday, Jul 10				
10:00AM	Fed Chair Powell Testimony			
1:00PM	10-Year Note Auction	4.276%		4.438%
Thursday, Jul 11				
8:30AM	Jun y/y CORE CPI (%)	3.3%	3.4%	3.4%
8:30AM	Jun m/m CORE CPI (%)	0.1%	0.2%	0.2%
1:00PM	30-Yr Bond Auction (bl)	22		
Friday, Jul 12				
8:30AM	Jun Core Producer Prices MM (%)	0.4%	0.2%	0%
8:30AM	Jun Core Producer Prices YY (%)	3%	2.5%	2.3%
10:00AM	Jul Consumer Sentiment (ip)	66.0	68.5	68.2

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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.

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