



Mike Baker

Head Interest Rate Shopper, The Rate Shop
 Individual NMLS: 259076 Company NMLS: 2554765 State
 23211 W 45th St Shawnee, KS 66226

Office: 913-213-3335
 Mobile: 913-213-3335
mike@rateshopkc.com
[View My Website](#)

Reasonably Resilient Rates Waiting to See Wednesday's Inflation Data

Data dependent... That's a phrase that is all too prevalent in financial markets and among members of the Federal Reserve. It refers to the fact that economic data will guide the future path of interest rate decisions.

While rates always depend on data, the data outlook isn't always as uncertain as it has been in the past few years. At times, we've been waiting for inflation and job growth to stop surging. At other times, we've been waiting for them to confirm a move in the other direction. Either way, there are a few reports that financial markets watch more closely than others and this week's jobs report is one of the best examples.

When job growth is higher than expected, the default reaction is for rates to move higher. The bigger the "beat" (which refers to the actual job count versus the median forecast among multiple economists), the bigger the rate jump tends to be, on average.

With that in mind, Friday's payroll count of 303k versus a median forecast of 200k was a big beat! Moreover, it continues a recent trend of labor market resilience that rates should find troubling. Specifically, rather than return to pre-covid averages, monthly job counts have leveled-off and bounced early.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00

Rates as of: 6/28

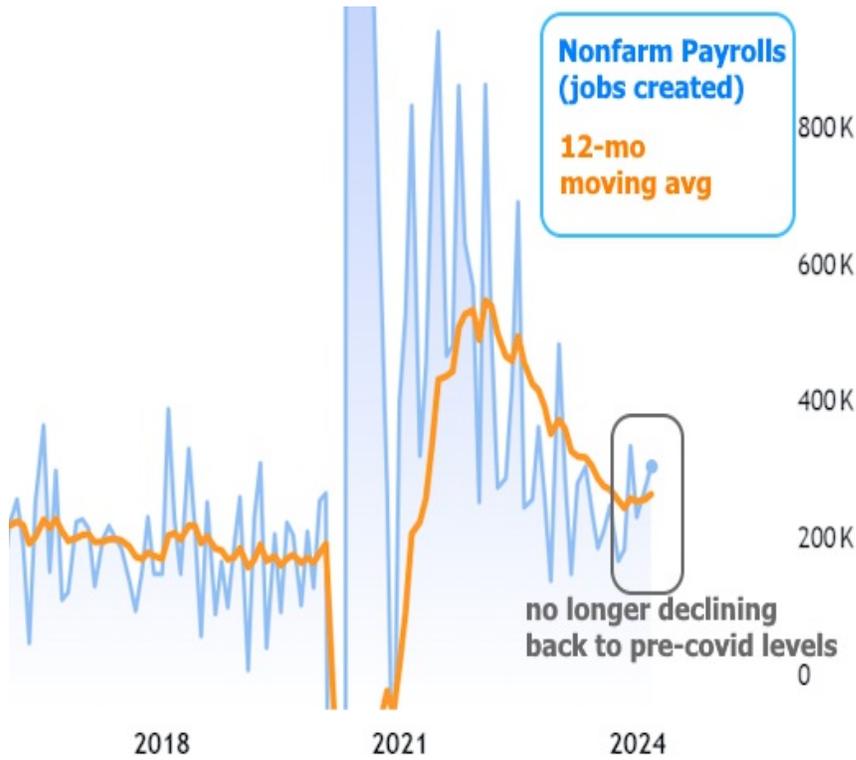
Market Data

	Price / Yield	Change
MBS UMBS 5.5	98.49	-0.45
MBS GNMA 5.5	99.10	-0.44
10 YR Treasury	4.3980	+0.1111
30 YR Treasury	4.5640	+0.1383

Pricing as of: 6/28 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
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%



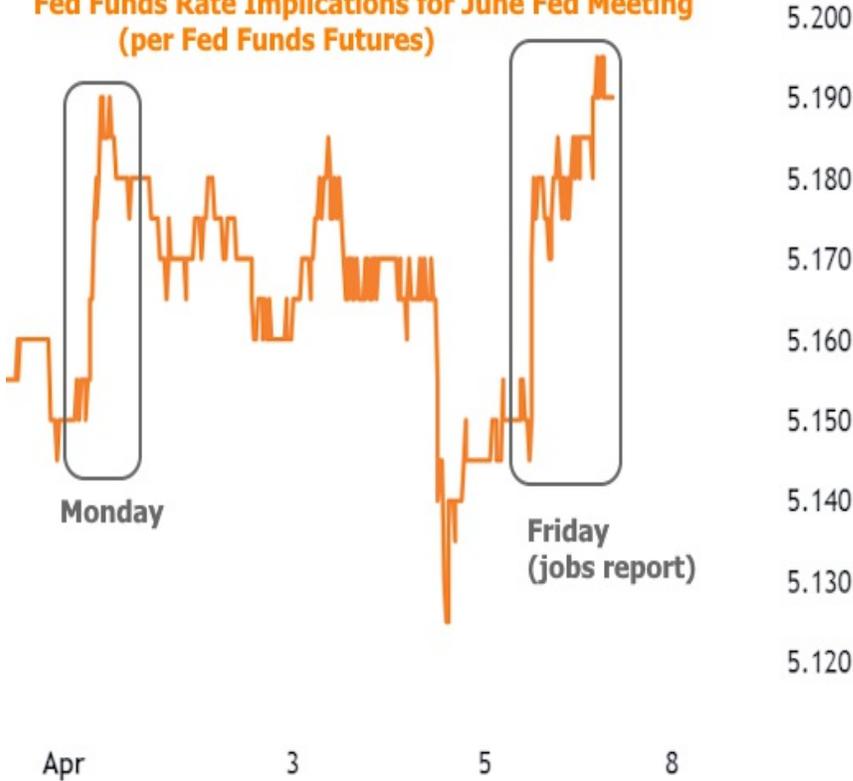
It was no surprise to see bonds lose ground and rates move higher, but the size of rate increase is much more curious. In terms of 10yr Treasury yields, the most widely followed benchmark for longer-term rates, it wasn't remotely close to being the biggest move of the week.



The big move on Monday was complicated, but it was only partially driven by economic data. That begs the question: if rates are data dependent, why didn't the jobs report do more damage?

One thing to consider is that the reaction to the jobs data did, in fact, leave the bond market at the worst levels of the week, even if it didn't cause the biggest spike. Moreover, 10yr Treasuries are only one benchmark to consider. There was much more relative movement in Fed Rate Cut expectations which decreased at the fastest pace of the week.

**Fed Funds Rate Implications for June Fed Meeting
(per Fed Funds Futures)**



The other major counterpoint is that while the jobs report is certainly big, next week's Consumer Price Index (CPI) is bigger. It's not unreasonable to consider that markets are waiting to trade the full reaction to this week's data until they see how CPI comes in next week.

One silver lining is that mortgage rates had a slightly better week than Treasury yields and have generally been outperforming since February. The average 30yr fixed rate has moved up by less than 0.40% from Feb 1, 2024 while 10yr yields have moved up more than 0.50% over the same time.



Subscribe to my newsletter online at: <http://housingnewsletters.com/rateshopkc>

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Apr 01				
9:45AM	Mar S&P Global Manuf. PMI	51.9		52.2
10:00AM	Mar ISM Mfg Prices Paid	55.8	52.7	52.5
10:00AM	Mar ISM Manufacturing PMI	50.3	48.4	47.8
Tuesday, Apr 02				
10:00AM	Feb USA JOLTS Job Openings	8.756M	8.75M	8.863M
Wednesday, Apr 03				
7:00AM	Mar/29 MBA Purchase Index	145.6		145.7
7:00AM	Mar/29 MBA Refi Index	453.5		460.9
8:15AM	Mar ADP jobs (k)	184K	148K	140K
9:45AM	Mar S&P Global Services PMI	51.7		52.3
10:00AM	Mar ISM N-Mfg PMI	51.4	52.7	52.6
10:00AM	Mar ISM Services Prices	53.4		58.6
Thursday, Apr 04				
8:30AM	Mar/30 Jobless Claims (k)	221K	214K	210K

Event Importance:

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

Date	Event	Actual	Forecast	Prior
Friday, Apr 05				
8:30AM	Mar Non Farm Payrolls	303K	200K	275K
8:30AM	Mar Unemployment rate mm (%)	3.8%	3.9%	3.9%
Wednesday, Apr 10				
8:30AM	Mar y/y CORE CPI (%)	3.8%	3.7%	3.8%
8:30AM	Mar m/m CORE CPI (%)	0.4%	0.3%	0.4%
2:00PM	FOMC Minutes			
Thursday, Apr 11				
8:30AM	Mar Core Producer Prices MM (%)	0.2%	0.2%	0.3%
8:30AM	Mar Core Producer Prices YY (%)	2.4%	2.3%	2%
8:30AM	Apr/06 Jobless Claims (k)	211K	215K	221K
Friday, Apr 12				
8:30AM	Mar Import prices mm (%)	0.4%	0.3%	0.3%
8:30AM	Mar Export prices mm (%)	0.3%	0.3%	0.8%
10:00AM	Apr Consumer Sentiment (ip)	77.9	79	79.4

Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the ONLY objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are NOT mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do NOT have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

Mike Baker

