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Under the California Residential Mortgage Lending Act  
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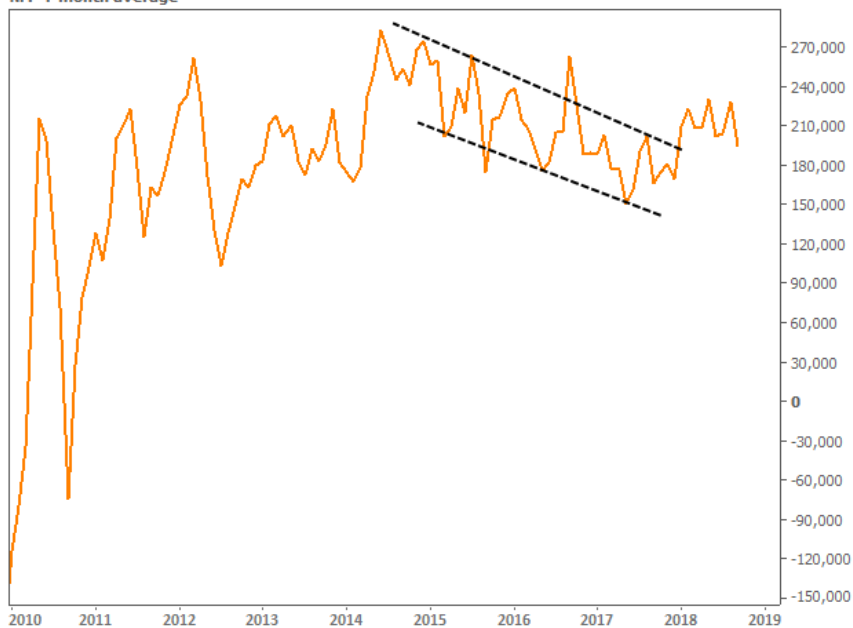
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## The Day Ahead: Here Comes the Jobs Report

This morning brings the often-important jobs report. Traditionally, the key component has been nonfarm payrolls (NFP), which is just a tally of new jobs created during the past month. NFP is **especially important** in times of transition (i.e. heading into or out of a recession) as well as in times where markets are expecting labor markets to cool a bit after a strong run.

In many ways, recent NFP data has filled that role recently. It's offered positive surprises with respect to how well the labor market is doing even though analysts **wouldn't be surprised** to see jobs data come off the boil. Simply put, it looked like average NFP was clearly declining from 2014 though 2017, but it's recently moved up and out of that downtrend. That's had noticeable ill effects on bonds.

NFP 4-month average



In addition to the headline NFP number, there are internal components that are worth our attention. The unemployment rate is generally NOT one of those components, although it can act as a **tie-breaker** if everything else in the report is equivocal. Far more worthy--and perhaps the most important number on some months--is the average hourly earnings data or AHE.

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/1 7:34PM EST



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85

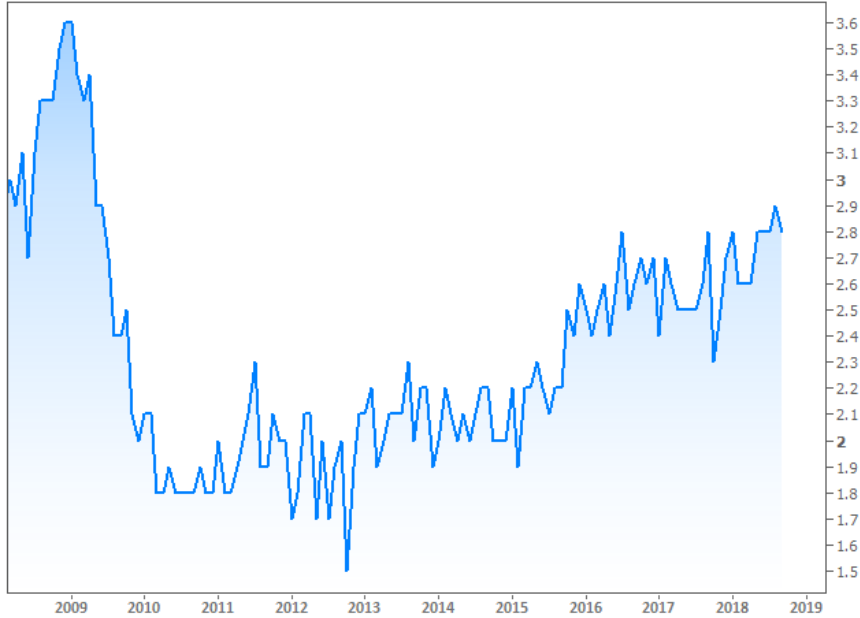
AHE is presented both in month-over-month and year-over-year terms. The latter is of extra interest to markets as it can be compared against year-over-year inflation metrics. Given that it's recently held in the 2.8% range, the implication is upward pressure on the 2.0-2.3% core inflation readings we've been seeing. If AHE continues to come in at 2.8% or above, it's **going to be hard for bonds to rally**.

	Rate	Change	Points
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

seeing. If AHE continues to come in at

average hourly earnings (y/y)



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