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Jobs Report Chases Rates Back Into The Range

For nearly 2 months, rates have been in limbo, stuck between the lower, more stable levels seen in March and the higher range seen at the beginning of the year. With many market participants waiting for more clarity on trade policies, it has been up to major economic data to make a case for any major moves in rates.

The first week of any given month always has an action-packed economic calendar with the following reports being the typical headlines:

- ISM Manufacturing Index
- ISM Services Index
- Job Openings
- ADP Employment
- Employment Situation (the big jobs report)

The jobs report is always the biggest potential source of volatility, but because it always comes out on a Friday, the other reports have a chance to get the ball rolling preemptively. When that happens, we sometimes see the jobs report **add to** the prevailing momentum. Other times, the jobs report pushes back in the opposite direction. This week was one of those other times.

More than any other day this week, it was Wednesday that prompted rates to take a lead-off toward lower levels. ADP Employment came out much lower than expected early in the day. Less than 2 hours later, ISM's services index reinforced the weaker economic message, ultimately prompting a sharp drop in bond yields.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30YR Fixed	7.27%	-0.02	0.00
15YR Fixed	6.92%	-0.03	0.00
30YR FHA	6.90%	-0.01	0.00
30YR Jumbo	7.55%	0.00	0.00
7/6 SOFR	6.78%	-0.10	0.00
30YR VA	6.91%	-0.01	0.00

Rates as of: 10/30

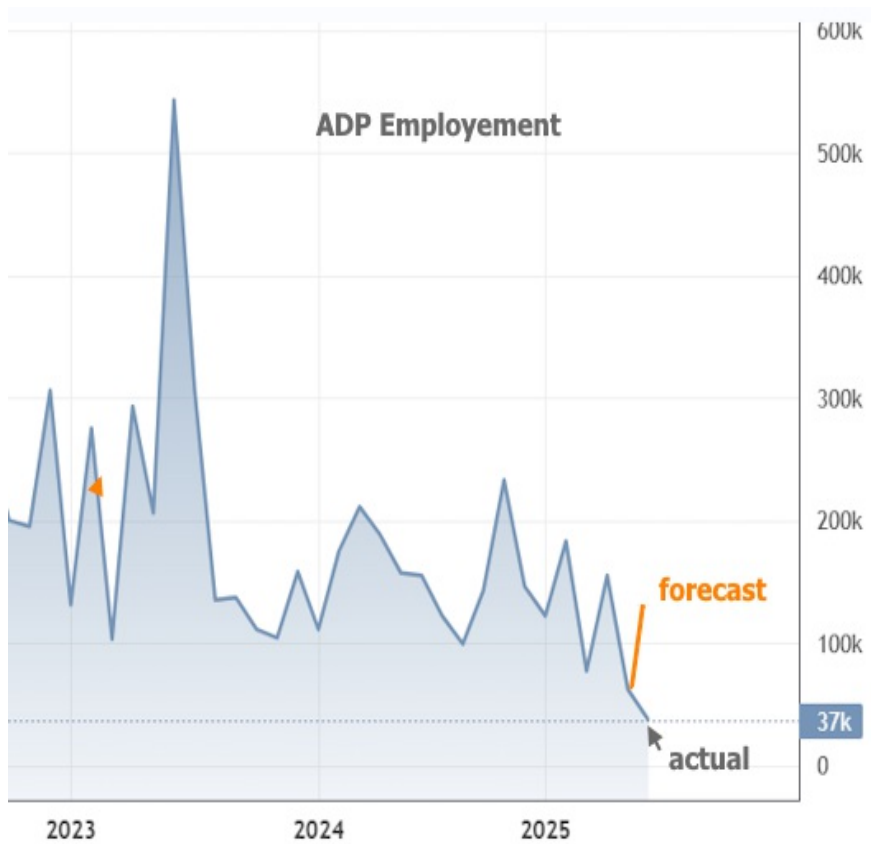
MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.81	-0.02
10 YR Treasury	4.9299	+0.0084
30 YR Treasury	5.3082	+0.0081

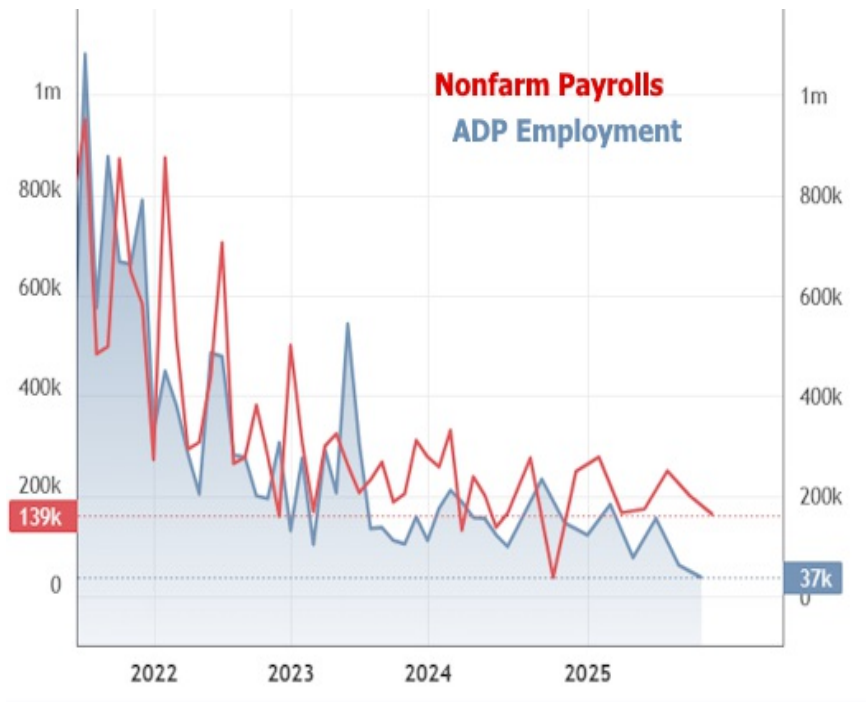
Pricing as of: 10/30 5:59PM EST

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%



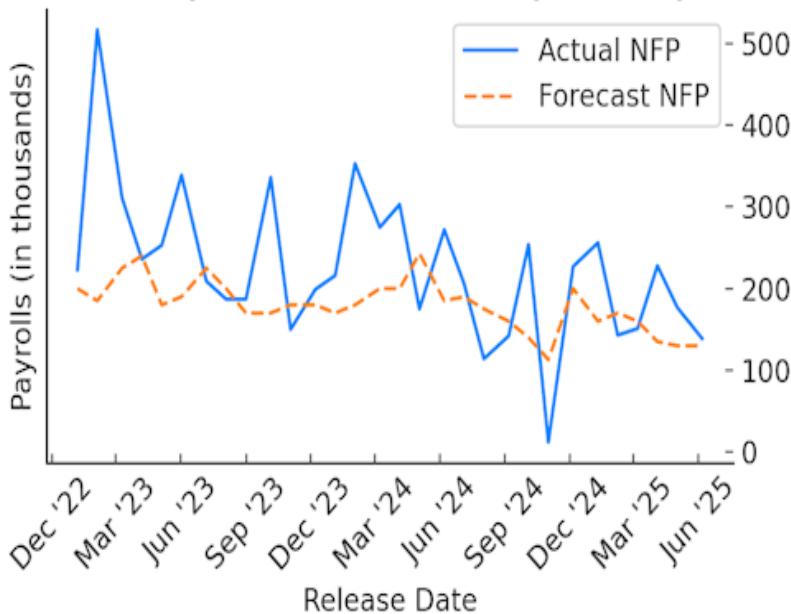
That was the lowest reading for ADP since January 2021. Even though the month-to-month correlation between ADP and the payroll count in the jobs report is hit-or-miss, a large drop in ADP still gets the market's attention. After all, the two are still broadly correlated in the bigger picture:



The ISM data wasn't quite as much of a surprise by comparison, but it offered no objection to an economically gloomy conclusion. With that, bonds began moving as if Friday's jobs report would sing a similar tune. But if you noticed the "139k" on the chart above, you already know the chorus.

As has been the norm for most of the past few years, NFP (nonfarm payrolls, the headline job count of the big jobs report) came in above forecast. It wasn't a huge "beat," but really any beat would have been a surprise based on the setup informed by Wednesday's data.

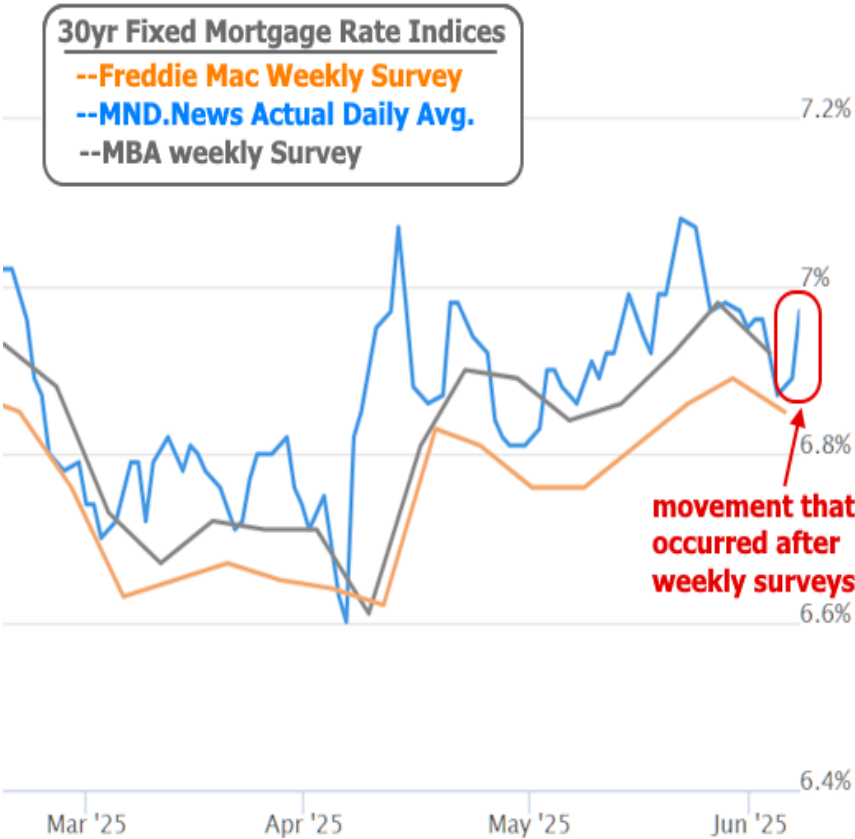
U.S. Nonfarm Payrolls: Actual vs Forecast (Jan 2023 - Jun 2025)



The bond market was quick to react. 10yr yields (which are highly correlated with mortgage rate movement) shot sharply higher, easily erasing the gains seen 2 days before.



MND's mortgage rate index (average top-tier 30yr fixed scenarios) moved back toward 7% after hitting 6.87% on Wednesday. Note: this means that mortgage rates were actually higher this week. Survey based rates from MBA and Freddie Mac were only able to capture weekly averages through mid-week, which was the best-case scenario this time around.



Bottom line: rates definitely **were** slightly lower on the week 2 days ago, but after the jobs report, they're back into the "almost 7%" range.

Next week brings several additional economic reports that traditionally matter to rates, but because those are focused on inflation, they'll be taken with a grain of salt until markets have more certainty on tariffs and trade deals. In addition to the data, the bond/rate market may cheer or protest certain developments on the spending bill being debated in the Senate.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Jun 02				
10:00AM	May ISM Manufacturing PMI	48.5	49.5	48.7
10:00AM	Apr Construction spending (%)	-0.4%	0.3%	-0.5%
Tuesday, Jun 03				
10:00AM	Apr USA JOLTS Job Openings (ml)	7.391M	7.10M	7.192M
10:00AM	Apr Factory orders mm (%)	-3.7%	-3%	3.4%
Wednesday, Jun 04				
7:00AM	May/30 MBA Refi Index	611.8		634.1
7:00AM	May/30 MBA Purchase Index	155		162.1
8:15AM	May ADP jobs (k)	37K	115K	62K

Event Importance:

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

Date	Event	Actual	Forecast	Prior
10:00AM	May ISM N-Mfg PMI	49.9	52	51.6
Thursday, Jun 05				
8:30AM	May/31 Jobless Claims (k)	247K	235K	240K
8:30AM	Apr Trade Gap (bl)	\$-61.6B	\$-94B	\$-140.5B
Friday, Jun 06				
8:30AM	May Non Farm Payrolls (k)	139K	130K	177K
8:30AM	May Unemployment rate mm (%)	4.2%	4.2%	4.2%
Monday, Jun 09				
10:00AM	Apr Wholesale inventories mm (%)	0.2%	0%	0.4%
Wednesday, Jun 11				
8:30AM	May y/y CORE CPI (%)	2.8%	2.9%	2.8%
8:30AM	May m/m CORE CPI (%)	0.1%	0.3%	0.2%
Thursday, Jun 12				
8:30AM	Jun/07 Jobless Claims (k)	248K	240K	247K
8:30AM	May Core Producer Prices YY (%)	3%	3.1%	3.1%
8:30AM	May Core Producer Prices MM (%)	0.1%	0.3%	-0.4%
Friday, Jun 13				
10:00AM	Jun Consumer Sentiment (ip)	60.5	53.5	52.2

About Your Los Angeles Mortgage Broker

Shannon's expertise in residential mortgage lending spans more than 20 years. Beginning on the ground floor of the wholesale side of lending, Shannon subsequently succeeded as a loan officer, account manager, and account executive while working for one of the nation's largest mortgage lenders. In contrast to those who chose to leave the mortgage industry when the Los Angeles housing market began to spiral in 2008; Shannon's passion for helping others to become homeowners remained firmly intact. In fact the changes in the market and new lending laws made her want to help homebuyers to navigate the new rules of real estate lending more than ever. As such, she chose to transition to the retail side of real estate financing in effort to work closer with families, veterans, and those who had previous financial hardships to achieve their goals of home ownership. As a homeowner and real estate investor, Shannon's personal experience in obtaining mortgage loans for her own purchases is extensive. She has bought and sold multiple properties and continues to invest in real estate throughout Los Angeles County. Shannon's specialization and breadth of experience in real estate purchase loans enables her to offer standard/conventional loans, government loans, hard money loans, and specialty/portfolio products.

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