

# How Did The Employment Report Affect Mortgage Rates?

By: Victor Burek | Fri, Sep 3 2010, 4:38 PM

It is the first Friday of the month and that brings us the official government report on the labor market: The Employment Situation Report. This release provides four headline measures on the health of the jobs sector.

1. **Nonfarm Payrolls:** totals the number of jobs that were added to or cut from employer payrolls in the prior month. **Consensus Forecast:** -100,000 vs. -131,000 in July (Private payrolls increased 71,000 in July and +41,000 expected today)
2. **Unemployment Rate:** the percentage of working-age, mentally able-Americans who are jobless. **Consensus Forecast:** 9.6% of the labor force vs. 9.5% last month
3. **Average Hourly Earnings:** the average amount of earnings per hour of labor performed. **Consensus Forecast:** +0.1% vs. +0.2% last month.
4. **Average Work Week:** average amount of hours worked by an employee per week. **Consensus Forecast:** 34.2 hours vs. 34.2 last month.

Here are the results:

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1. **Nonfarm Payrolls:** -54,000 in August with the private sector adding +67,000 jobs. The headline number is negative due to temporary government census takers losing their jobs. Revisions to June and July showed 123,000 fewer job losses. **BETTER THAN EXPECTED**
2. **Unemployment Rate:** rose 0.1% to 9.6% **AS EXPECTED**
3. **Average Hourly Earnings:** +0.3% Since workers are making more money per hour, they will have a greater income as long as they work the same amount of hours per week. **BETTER THAN EXPECTED**
4. **Average Work Week:** Unchanged at 34.2 **AS EXPECTED**

[READ MORE](#) about the Employment Situation Report

After the data was released, stock markets rallied sharply higher and the bond market sold off. After hitting new lows on Tuesday, mortgage rates have risen for the last three days.

Par 30 year fixed conventional mortgage rates have risen back into to the 4.25% to 4.50% range for well qualified consumers. If you are seeking out a 15 year term, you should expect a rate in the 3.75% to 4.00% range. To secure a par interest rate on a conventional mortgage you must have a FICO credit score of 740 or higher, a loan to value at 80% or less and pay all closing costs including an estimated one point loan origination/discount/broker fee. If you plan on keeping your current home for less than three years, you should consider a no cost or low cost loan where the rate will be higher but you will pay little or no closing costs. Keep in mind, getting a mortgage rate is like buying anything else. You can pay more in costs and get a lower interest rate or less in costs and accept a higher interest rate.

If you're floating a loan that is expected to close in the next 15 days, hopefully you locked in your interest rate before today. If you didn't, well that means you'll have to pay more for the same rate that you were quoted yesterday, or take a higher interest rate all together if you lock today. If you have not locked, I feel floating over the weekend is justified. Historically, lenders are quite conservative on their pricing when facing a holiday weekend. However if you're closing in the next 15 days, we think you should strongly considering locking as soon as possible.

[READ MORE](#) about the week ahead

In celebration of Labor Day, all U.S. markets will be closed on Monday. I will be back on Tuesday with a look at what might impact mortgage rates next week. Have a safe holiday weekend!

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