Rates Fall Back to Week's Best Levels After Jobs Report

By: Matthew Graham | Fri, Apr 5 2019, 4:08 PM

Mortgage rates moved lower today following a mixed report on the US labor market. The once-a-month Employment Situation (the official name for the "jobs report" that often influences interest rates) was out this morning and it had something for everyone.

For those who'd like to remain **upbeat** on the labor market, there was a 196k increase in the number of jobs created in March, which compared favorably to forecasts calling for 180k. Had this been the only data point, rates may have moved higher (stronger economy/job market = higher rates, all other things being equal). But other components painted a different picture.

For those who wanted to see the **glass half empty**, there was a decrease in the percentage of adults who considered themselves part of the workforce. That's not necessarily a bad thing, but it coincided with the unemployment rate holding steady. In other words, if the labor force had held steady, the unemployment rate would have increased. Even more downbeat was the slide in average hourly earnings (-0.2%, in both monthly and year-over-year terms). In general, higher wages increase inflation risk, and inflation pushes interest rates higher. An absence of inflation (or inflation indicators) can help rates move lower.

See Rates from Lenders in Your Area

Today's rates sided more with the "glass half empty" crowd. It was enough for the average lender to undo several days of weakness, thus making it back in line with the **week's best levels** seen on Tuesday. Of special consideration is the fact that some interest rates are priced more favorably than others. To clarify, each rate a lender offers (usually in 0.125% increments) has a cost associated with it. To get the lowest possible rates, it's going to cost you more while the highest rates could result in the lender being able to cover many of your closing costs.

Simply put, the cost to move to the next 0.125% lower is much smaller than normal for a few rates (specifically, when moving from 4.75 to 4.625% or from 4.25 to 4.125%). As such, if you're being quoted 4.375% or 4.875%, it could make sense to look at the cost involved in buying your rate down. For what it would normally cost to drop the rate by 0.125%, you may be able to get an entire 0.25%. **NOTE**: this can vary significantly from lender to lender and borrower to borrower. Every scenario is different, so it's never safe to assume an article on the internet will apply perfectly to your situation.

Today's Most Prevalent Rates

- 30YR FIXED - 4.125%
- FHA/VA - 4.0%
- 15 YEAR FIXED - 3.875-4.00%
- 5 YEAR ARMS - 3.875-4.25% depending on the lender

Ongoing Lock/Float Considerations

- Early 2019 saw a rapid reevaluation of big-picture trends in rates and in markets in general
- The Federal Reserve has been a key player, and while they aren't the ones pulling the global economic strings, their response to the economy has helped rates fall more quickly than they otherwise might.
- Based on the Fed's laundry list of concerns, their current outlook for rate hikes and economic growth, and their bond-buying policy shifts, we've all but certainly seen the highest rates of this economic cycle in late 2018.
- *Rates discussed refer to the most frequently-quoted, conforming, conventional 30yr fixed rate for top tier borrowers among average to well-priced lenders. The rates generally assume little-to-no origination or discount except as noted when applicable. Rates appearing on this page are "effective rates" that take day-to-day changes in upfront costs into consideration.*

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