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Market Update for Jan 5, 2024

Understanding Today's Mortgage Market

A Look at Recent Developments

Good morning, friends! Let's dive into today's mortgage market update with a focus on what it means for you. Recently, we've seen some interesting shifts in the market, influenced by new jobs data. This data, surprisingly stronger than expected, shows that more jobs were added than anticipated. This affects how we look at mortgage rates and what the future might hold.

How Does This Affect Mortgage Rates?

Here's the gist: Because of this jobs data, it's less likely that the Federal Reserve will lower interest rates in March, a change from what we thought just a week ago. This means we might see mortgage rates gradually increase, rather than decrease. It's a bit of a pivot from what we've been seeing.

Key Data Points

- **Jobs Growth:** There were 216,000 new jobs, more than the 170,000 expected.
- **Unemployment Rate:** This stayed steady at 3.7%, even though it was expected to rise. Interestingly, there was a significant drop in the number of people actively looking for work, the biggest drop we've seen in over two years.
- **Wages:** Wages are going up, which is consistent with a tight labor market where businesses are competing for employees.





What Does This Mean for You?

- **Loans Closing in Less Than 15 Days:** If you're closing soon, it's wise to start the day open to rate changes, but be ready to lock in your rate by the end of the day. The sentiment is shifting, and we're not expecting the Fed to lower rates in March.
- **Loans Closing in 15-30 Days:** For those a bit further out, it's a good idea to consider locking in your rate based on this morning's figures. We're seeing some recovery in bonds, but with the current trends, rates are likely to inch up.
- **Loans Closing in 30+ Days:** If you have more time, you can afford to watch and wait. There's a chance to see how inflation data affects the market and what the Fed decides later this month. Rates might go up a bit in the short term, but there's potential for them to decrease again in 2024.

Closing Thoughts

In a nutshell, the recent job market data has shifted expectations, impacting mortgage rates. As always, I'm here to help guide you through these changes and find the best path for your home financing needs. Remember, if you have friends, family, or coworkers who could use this kind of guidance, don't hesitate to refer them my way. Let's navigate these financial waters together!

About Today's Lock Commentary...

The views and commentary are provided by Ron Siegel, an industry veteran with certifications: CMA, CDLP, CLA, VMA. Ron is a radio host who studies the markets and reviews many rate reports daily.

Ron's view on rates comes from an Originator's point of view, seeing each loan as a real person with a real desire to save some money or improve their rate situation - not a hedge fund where we "manage risk" and "take some loans off the table".

In addition to hosting a daily, syndicated radio program since 2010, Ron is a Branch Manager with Geneva Financial and licensed under NMLS 217037.

