

# MARKET SUMMARY

Complete Recap of Today's Market Activity

## Bonds Remain Defensive Amid More Supply and Less Fed Sponsorship

Market Summary: Tuesday, June 28, 2022 - 10:46AM

June is the month where markets finally have been able to experience the sharp drop in Fed bond buying associated with balance sheet normalization. MBS purchases have slowed from nearly \$40bln last month to just over \$10bln in the current month. The Treasury side of the balance sheet has already been shrinking in June as there haven't been enough proceeds exceeding reinvestment caps to generate any positive flow. This is likely compounding the inflation fear that continues to serve as a backdrop for recent rate spikes. Both of those factors reared their ugly heads at yesterday's 5yr Treasury auction. While it's not on the same level as the 5yr, today's 7yr auction provides another important test of the market's ability to do the heavy lifting without the Fed standing by as a spotter.



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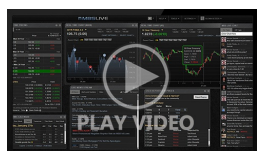
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### Latest Video Analysis



Bond Market Defensiveness Proves Justified by Weak Auction.mp4

### MBS & Treasury Markets

UMBS 5.5	103.13	+0.00	10YR	3.177%	-0.024%	6/28/2022 5:00PM EST
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## Starting Out Slightly Weaker

Bonds were initially slightly stronger to start the overnight session, despite a rally in Chinese equities on more covid restriction easing. European bond market weakness led the reversal at the start of the EU session. To put the spillover in perspective, German Bund yields are up more than 10bps while US 10s are up only 5 (3.253%).

MBS are still trying to settle into a liquid range but are currently down 7 ticks (.22) at 99-13 (99.41).

**ALERT:** Losing Ground After 5yr Treasury Auction

**MBS MORNING:** Sideways Range Taking Shape

## Today's Mortgage Rates

30YR Fixed 5.95% +0.07%

15YR Fixed 5.30% +0.04%

6/28/2022

### Mortgage Rates Moderately Higher to Start The Week

Last week was significantly calmer than the previous week for rates (and many other things in the financial market, for that matter). After hitting the highest levels since 2008 on June 14th, rates lurched lower through last Thursday. Due to idiosyncrasies in the mortgage bond market, certain scenarios saw some of the best single-day improvements in years, depending on the day.

Gains gave way to losses by Thursday afternoon, and a gradual rise has followed. The average lender isn't anywhere near as high as they were in mid-June, but neither are they as low as they were in the middle of last week.

As has been the case many times during the 2022 rate spike, there is a much higher degree of variation between lenders compared to more stable times for rates. The average lender was only moderately higher when it comes to mortgage rate quotes today. Notably, the bond market suggested a bigger jump. The actual jump may have been smaller due to more conservative rate-setting strategies among mortgage lenders on Friday afternoon.

Conforming conventional 30yr fixed loans are still in the high 5% range for ideal scenarios.

Time	Event	Actual	Forecast	Prior
<b>Tuesday, Jun 28</b>				
8:55AM	w/e Redbook yy (%)	11.7		12.8
9:00AM	Apr Case Shiller Home Prices-20 y/y (%) ☆	+21.2	21.0	21.2
9:00AM	Apr CaseShiller 20 mm nsa (%)	+2.3		3.1
9:00AM	Apr CaseShiller Home Prices m/m (%)	+1.8	2.0	2.4
9:00AM	Apr FHFA Home Prices y/y (%) ☆	18.8		19.0
9:00AM	Apr FHFA Home Price Index m/m (%)	1.6		1.5
10:00AM	Jun Rich Fed, services index	0		8
10:00AM	Jun Rich Fed comp. index	-11		-9
10:00AM	Jun Consumer confidence ★	98.7	100.4	106.4
10:00AM	Jun Rich Fed manuf shipments	-15		-14
1:00PM	7-Yr Note Auction (bl) ★	40		
<b>Wednesday, Jun 29</b>				
7:00AM	w/e Mortgage Market Index	322.7		320.4
7:00AM	w/e MBA Purchase Index	243.1		242.8
7:00AM	w/e MBA Refi Index	726.1		712.7
7:00AM	w/e MBA 30-yr mortgage rate (%)	5.84		5.98
8:30AM	Q1 GDP Final (%)	-1.6	-1.5	-1.5
10:30AM	w/e Crude Oil Inventory (ml)	-2.762	-0.564	-0.386
10:30AM	w/e Gasoline Inventory (ml)	2.645	-0.138	1.489
10:30AM	w/e Petroleum Distillate Inventory (ml)	2.559	-0.190	0.133

## Recent Housing News







- Pending Home Sales Rise For 1st Time in 6 Months
- New Home Sales Paint Completely Different Picture Versus Last Month
- Black Knight's First Look: Another Record Low For Delinquencies

## Read My Latest Newsletter

## Housing is Normalizing, Not Dying; Nice Rate Rebound After Last Week's Rout

In 2020 and 2021, housing boomed and rates plummeted at a pace that many considered to be unsustainable . 2022's role is to take things back in the other direction. In other words, things are "normalizing " after a period of frenzied movement. The normalization process can seem scary in cases where the thing being normalized was exceptionally big, different, and fast. ...

# Mortgage Calculators

-  Mortgage Payment w Amortization
-  Loan Comparison
-  Early Payoff
-  Should I Refinance?
-  Rent vs. Buy
-  Advanced Loan Comparison