

MARKET SUMMARY

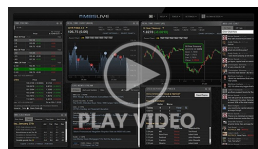
Complete Recap of Today's Market Activity

Bonds Almost Hold Onto Gains Ahead of Shutdown Uncertainty

Market Summary: Saturday, September 30, 2023 - 4:29PM

Bonds improved moderately overnight, adding onto what was already a fairly substantial recovery yesterday. The morning's PCE data was slightly lower than expected, but bonds didn't seem unequivocally happy about that. There was a modest extension of the rally and then a slow give-back into the PM hours. Trading was very flat near unchanged levels after noon ET. Month/Quarter-end trade flows are assumed to be underpinning some of the volatility of the past 3 days, as is the uncertainty surrounding the government shutdown. The most direct implication for bonds is that they must navigate the most important data week of the month without the most important data (no jobs report or JOLTS next week due to the shutdown).

Latest Video Analysis



Decent Day Despite Late Weakness



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MBS & Treasury Markets

UMBS 5.5	96.56	-0.16	10YR	4.575%	-0.004%	9/29/2023 5:00PM EST
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Negative Reprice Risk Remains

MBS aren't any weaker than they were just before the noon hour, but that weakness is relatively more liquid now. It's also accompanied by the highs of the day in Treasury yields with 10s up to 4.58+ after being as low as 4.51 this morning.

The losses aren't huge and the pace of selling has been gentle, but lenders that came out with aggressive rate sheets or simply those who are normally quick to reprice are slightly more likely to consider pulling the trigger.

MBS MORNING: Leveling Off Into The Weekend (We Hope)

ALERT: Giving Back Some Gains

Today's Mortgage Rates

30YR Fixed	7.44%	-0.16%	15YR Fixed	6.75%	-0.14%	9/29/2023
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Fairly Huge Improvement in Rates Followed by Some Deterioration

It depends quite a bit on the lender in question, but at some point between yesterday morning and this morning, the average lender dropped rates at the fastest single-day pace in months. Before you get excited, there's a catch--two or three of them actually.

The first catch is that some lenders split that improvement between yesterday afternoon and this morning. The more general catch is that these sorts of "biggest drop in a long time" observations are almost always seen after rates have just surged to "the highest levels in a long time." That's absolutely the case this time around.

The third catch isn't too important. It involves a bit of deterioration in the bond market resulting in some lenders bumping rates slightly higher this afternoon. The average lender is still in much better shape than yesterday morning (and much worse shape than most any other morning going back to June 2001).

Moving on from "catches" to plain old frustrating uncertainty, need new economic data in order to improve. Specifically, rates would need to see less resilience and growth in the economy. Frustratingly, the government shutdown (which looks likely if not certain as of this writing) would prevent several of the most important reports from coming out next week.

Granted, if those reports had come out strong, they would push rates higher, but as it stands, we don't even have an opportunity for meaningful improvement.

Time	Event	Actual	Forecast	Prior
Friday, Sep 29				
8:30AM	Aug Core PCE Inflation (y/y) (%) ★	3.9%	3.9%	4.2%
8:30AM	Aug Core PCE (m/m) (%) ★	0.1%	0.2%	0.2%
8:30AM	Aug Wholesale inventories mm (%) ☆	-0.1%		-0.2%
9:45AM	Sep Chicago PMI ★	44.1	47.6	48.7
10:00AM	Sep U Mich conditions ☆	71.4	69.8	75.7
10:00AM	Sep Sentiment: 5y Inflation (%) ☆	2.8%	2.7%	3%
10:00AM	Sep Consumer Sentiment (ip) ☆	68.1	67.7	69.5
10:00AM	Sep Sentiment: 1y Inflation (%) ☆	3.2%	3.1%	3.5%
12:45PM	Fed Williams Speech			
Monday, Oct 02				
9:45AM	Sep S&P Global Manuf. PMI ☆	49.8	48.9	47.9
10:00AM	Sep ISM Mfg Prices Paid ★	43.8	48.6	48.4
10:00AM	Aug Construction spending (%)	0.5%	0.5%	0.7%
10:00AM	Sep ISM Manufacturing PMI ★★	49	47.8	47.6
11:00AM	Fed Chair Powell Speech			
11:00AM	Fed Harker Speech			

Recent Housing News

- NAR Calls for End to Rate Hikes as Pending Sales Drops Again
- Highest Rates in Decades Cut into Mortgage Volumes
- New Home Sales at 5 Month Lows; Still Much Higher Year-Over-Year

Read My Latest Newsletter

How Will The Government Shutdown Affect The Mortgage and Housing Markets?

It's nearly impossible to consume any news these days without coming across the government shutdown. As of Friday afternoon, the shutdown looks like it will be a thing. Even if it's miraculously avoided in the 11th hour, we can still discuss some objective questions and conclusions about shutdowns in general. As always, we're not interested in the politics of the matter--just the quest...

Mortgage Calculators

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