

# MARKET SUMMARY

Complete Recap of Today's Market Activity

## Uneventful Start to What May be an Uneventful Week

Market Summary: Monday, May 6, 2024 - 10:27PM

Without any big ticket events or major news headlines, it was no surprise to see bonds bounce around in a narrower sideways range. Data-free Mondays are often superfluous when it comes to informing the big picture and today was no exception. It might have been even narrower if not for holiday closures in the overnight session (lower volume and lighter [liquidity](#) can increase volatility, all other things being equal). MBS underperformed Treasuries in a small but obvious way (MBS lost ground while Treasuries improved), but we're not reading much into that just yet. This week's only hope for inspiration is the Treasury auction cycle--at least in terms of scheduled events--and that means we're probably waiting for May 15th CPI for the next big dose of volatility.

### Latest Video Analysis



Uneventful Start to What May be an Uneventful Week



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## MBS & Treasury Markets

|          |        |       |      |        |         |                     |
|----------|--------|-------|------|--------|---------|---------------------|
| UMBS 6.0 | 100.21 | +0.16 | 10YR | 4.457% | -0.029% | 5/7/2024 5:00PM EST |
|----------|--------|-------|------|--------|---------|---------------------|

### Down Nearly a Quarter Point From Highs

With multiple overseas market closures, volume and remain very light in the bond market. Most of the influence on today's trading came from a single block trade at 9:09am ET which took yields from 4.47 to 4.50 in short order. We've been drifting sideways to slightly weaker since then.

From the opening highs, MBS are now down 7 ticks (.23), but are still roughly unchanged versus Friday's latest levels. The opening highs were early enough that most lenders were not out with rates yet. As such, negative repricing risk is limited to only a few of the earliest, jumpiest lenders.

(NOTE: you can use the "my change" column on the MBS Live dashboard to set a time that coincides with your first rate sheet to see how much MBS have moved since then).

10yr yields are still down 0.3bps on the day at 4.511, but this is also the high of the day.

**MBS MORNING:** Everything is a Sideshow Until May 15th

**MBS MORNING:** Stronger Start For Bonds After Cooler Jobs Report

## Today's Mortgage Rates

|            |       |        |            |       |        |          |
|------------|-------|--------|------------|-------|--------|----------|
| 30YR Fixed | 7.19% | -0.06% | 15YR Fixed | 6.64% | -0.04% | 5/7/2024 |
|------------|-------|--------|------------|-------|--------|----------|

### Mortgage Rates Modestly Lower to Start The New Week

did well last week, making it almost halfway back to the lower levels seen on April 9th. Why focus on April 9th? That was the last day before the most recent Consumer Price Index (CPI).

Why focus on CPI? That's the monthly economic data that matters most to rate movement these days. It's not the only game in town, but it caused the biggest recent jump, by far.

Last week's combination of economic data and reassurance from the Fed was enough to get rates headed back in a friendly direction. There was some follow-through today, but not for any news reasons.

In fact, "reasons" for rate movement are in far more limited supply this week. In other words, last week was good and we caught a small break today with the modest improvement in rates, but things could be more choppy and sideways for the rest of the week.

| Time            | Event                                    | Actual  | Forecast     | Prior    |
|-----------------|--|---------|--------------|----------|
| Monday, May 06  |  |         |              |          |
| 11:30AM         | 52-Week Bill Auction (bl)                | 70      |              |          |
| 11:30AM         | 3-Month Bill Auction                     | 5.250%  |              | 5.250%   |
| 11:30AM         | 6-Month Bill Auction                     | 5.155%  |              | 5.165%   |
| 11:30AM         | 26-Week Bill Auction (bl)                | 70      |              |          |
| 12:50PM         | Fed Barkin Speech ☆                      |         |              |          |
| 1:00PM          | Fed Williams Speech ☆                    |         |              |          |
| 2:00PM          | Loan Officer Survey                      |         |              |          |
| Tuesday, May 07 |  |         |              |          |
| 8:55AM          | May/04 Redbook yy (%)                    | 6%      |              | 5.5%     |
| 9:00AM          | Apr Used Car Prices MoM                  | -2.3%   |              | -0.4%    |
| 9:00AM          | Apr Used Car Prices YoY                  | -14%    |              | -14.7%   |
| 10:10AM         | May IBD economic optimism                | 41.8    | 44.1         | 43.2     |
| 10:30AM         | NY Fed Treasury Purchases 0 to 1 yrs (%) |         | \$80 million |          |
| 11:30AM         | 26-Week Bill Auction (bl)                | 75      |              |          |
| 11:30AM         | Fed Kashkari Speech ☆                    |         |              |          |
| 11:30AM         | 42-Day Bill Auction (%)                  | 5.280%  |              | 5.285%   |
| 1:00PM          | 3-Year Note Auction                      | 4.605%  |              | 4.548%   |
| 1:00PM          | 3-Yr Note Auction (bl)                   | 58      |              |          |
| 2:00PM          | Apr LMI Logistics Managers Index Current | 52.9    |              | 58.3     |
| 3:00PM          | Mar Consumer credit (bl)                 | \$6.27B | \$15B        | \$14.12B |
| 4:30PM          | May/03 API weekly crude stocks (ml)      | 0.509M  | -1.43M       | 4.906M   |

Recent Housing News

- ARM Loan Share Rises as Borrowers Seek Affordability
- Home Prices Apparently Don't Care About High Rates
- Mortgage App Volume Declines Across the Board

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Despite Bigger Bumps, Fed Still Sees Path to Lower Rates

It was an action-packed week for the housing and mortgage market. Wednesday's Fed announcement was the highlight, but we also got several economic reports that caused rate volatility. Thankfully, it was mostly the good kind. The week got off to a slightly stronger start with Monday's only major rate news being updated borrowing estimates from the Treasury Department. Why would such a thin...

# Mortgage Calculators

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-  Loan Comparison
-  Advanced Loan Comparison
-  Early Payoff
-  Should I Refinance?
-  Rent vs. Buy
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