

MARKET SUMMARY

Complete Recap of Today's Market Activity

Data Over Politics, For Now

Market Summary: Thursday, July 4, 2024 - 3:26AM

Several days ago, we were debating whether the presidential debate or the month-end/new-month trading environment was the bigger market mover. The political angle was more popular in the analytical community, but evidence is increasingly suggesting that popularity wasn't necessarily warranted. Today offered some compelling evidence in the form of absolutely no reaction to a widely circulated newswire that seemed to suggest Biden having second thoughts about remaining in the running. Contrast that to the immediate and obvious reaction to the ISM Services data, which made for the highest Treasury trading volume since PPI and jobless claims data on June 13th. Data will remain in focus when markets return from the holiday break on Friday morning thanks to non-farm payrolls.



Matt Graham
Founder and CEO, MBS Live



Latest Video Analysis



Data Over Politics For Now

MBS & Treasury Markets

UMBS 6.0	100.39	+0.19	10YR	4.360%	-0.072%	7/3/2024 1:59PM EST
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Weaker Data, Stronger Bonds, Early Close

The bond market will close at 2pm instead of 5pm today as a part of the Independence Day holiday (fully closed tomorrow). With only a few hours left, it's off to as good of a start as we could ask for, at least in terms of the bond market. The economy is another story. ISM Services is today's biggest data headline and it was much weaker than expected and much weaker than last time. Especially notable was the big drop in business activity from 61.2 to 49.6, the first sub-50 reading since the initial lockdowns in 2020. This builds a case for broader economic shift though the timing odd in juxtaposition to last month's reading which was the highest in more than year. Bonds reacted decisively with the highest data-driven volume since the big jump in jobless claims and the big miss in PPI on Thursday, June 13th.

UPDATE: Additional Gains After ISM Data

UPDATE: Modestly Stronger After First Round of Data

Today's Mortgage Rates

30YR Fixed 7.08% -0.05% | 15YR Fixed 6.45% -0.02% 7/3/2024

Mortgage Rates Move Lower After Weak Service Sector Report

"Data dependent" is one of the most common phrases heard from the Federal Reserve these days when it comes to rate-setting policy. And while the Fed doesn't directly dictate, the bond market tends to trade the same data that the Fed cares about.

Today's key report, the ISM Services index, isn't quite at the top of the Fed's list, but it's a longstanding market mover when it comes to bonds and, thus, rates. Today's installment was much weaker than expected. Weak data correlates with lower rates, all other things being equal.

Bonds improved immediately after the release. This allowed mortgage lenders to set lower rates today. Some lenders had already published their initial rates for the day and several of them ended up issuing positive reprices before the end of the day.

The bond market is closed tomorrow for the holiday, but will be back to digest an even more important economic report on Friday morning: the big jobs report.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Thursday, Jul 04				
12:00AM	Happy 4th!! ★★			
Friday, Jul 05				
5:40AM	Fed Williams Speech ☆			
8:30AM	Jun Manufacturing payrolls (k)		6K	8K
8:30AM	Jun Average earnings mm (%) ★		0.3%	0.4%
8:30AM	Average Hourly Earnings YoY		3.9%	4.1%
8:30AM	Jun Average workweek hrs (hr)		34.3	34.3
8:30AM	Jun Participation Rate ☆			62.5%
8:30AM	Jun Private Payrolls (k)		160K	229K
8:30AM	Jun Unemployment rate mm (%) ★★		4%	4%
8:30AM	Jun Government Payrolls			43K
8:30AM	U-6 Unemployment Rate			7.4%
8:30AM	Jun Non Farm Payrolls ★★		190K	272K
10:00AM	Jun Total Vehicle Sales (ml)		15.8M	15.9M
1:00PM	Jul/05 Baker Hughes Total Rig Count			581
1:00PM	Jul/05 Baker Hughes Oil Rig Count			479
4:30PM	Jul/3 Central Bank Balance Sheet			\$7.23T

Recent Housing News

- Refinance Volume Proves Brighter than Last Year
- Inventories Expand as New Home Sales Fall
- Mortgage Application Volume Not Impressed by Lower Rates

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Slow Start for Rates Gives Way to Volatility With More to Come Next Week

The week began with a distinct absence of interest rate volatility, but things changed in a big way by Friday--at least compared to the previous week which was exceptionally quiet. In the bigger picture, however, it was just another week that felt volatility in the short term due to a surprising rate spike on Friday. Incidentally, the fact that this week's rate spike occurred...

Mortgage Calculators

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