

MARKET SUMMARY

Complete Recap of Today's Market Activity

Uneventful Start And an Uneventful Calendar

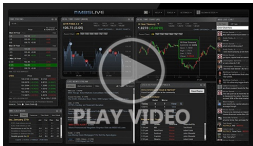
Market Summary: Wednesday, July 17, 2024 - 2:26PM

Just because an economic calendar is full doesn't mean it's of any major importance to the bond market. Today fits the bill with the two economic headliners being Housing Starts and Industrial Production. Both have already come and gone without any reaction. The market has been more interested in trading a single comment from Fed's Waller, who said the time to cut rates is getting closer based on the most likely policy scenario. Yes, that's a bit cryptic, but he basically described 3 bowls of porridge and then said the warm one was the most likely. Bonds rallied for a moment and then went back to the prevailing trend from the overnight session.

Market Movement Recap

- 09:15 AM Sideways to slightly weaker overnight with no major movement so far. MBS down 6 ticks (.19) and 10yr up 2.3bps at 4.182.
- 12:55 PM Gradually moving to best levels of the day with 10yr now unchanged and MBS nearly unchanged.

Latest Video Analysis



Bonds Shake Off Retail Sales Impact to End Stronger



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MBS & Treasury Markets

UMBS 5.5 99.76 -0.04 | 10YR 4.158% -0.001% 7/17/2024 5:00PM EST

Uneventful Start And an Uneventful Calendar

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MBS MORNING: Two Kinds of Flat

ALERT: Giving up Overnight Gains Despite As-Expected Retail Sales

Today's Mortgage Rates

30YR Fixed 6.83% -0.01% | 15YR Fixed 6.32% +0.02% 7/17/2024

Mortgage Rate Winning Streak Finally Ends, But Just Barely

When is a defeat not really a defeat? have an idea. They're fresh off an incredibly rare 8 day winning streak that took the average 30yr fixed rate to the lowest levels in 5 months AND well under the 7% mark for top tier scenarios.

Contrast all that gloriousness to today's performance which saw the average inch higher by a mere 0.03%. On any recent day before last Friday, we'd still be at 5 month lows. It would be just as fair to say rates are "holding their ground near 5 month lows" in the bigger picture.

This wasn't necessarily destined to be the case this morning. The important Retail Sales report had some underlying components that caused the bond market to move quickly toward higher yields (thus implying a bigger uptick in mortgage rates). But the losses were temporary and traders were quick to push bonds back into stronger territory.

Some mortgage lenders ended up offering mid day improvements to the morning's rate offerings. Those who didn't would likely be able to improve rates tomorrow morning IF the bond market were to hold in line with current levels overnight (never a guarantee, but always the 'all other things being equal' baseline).

Economic Calendar

Last Week | This Week | Next Week

| Time | Event | Actual | Forecast | Prior |
|--------------------------|--|--------|----------|-------|
| Wednesday, Jul 17 | | | | |
| 12:00AM | Roll Date - UMBS 15YR, Ginnie Mae 15YR | | | |

| Time | Event | Actual | Forecast | Prior |
|-------------------------|--|---------|----------|---------|
| 7:00AM | Jul/12 MBA 30-yr mortgage rate (%) | 6.87% | | 7% |
| 7:00AM | Jul/12 MBA Mortgage Applications | 3.9% | | -0.2% |
| 7:00AM | Jul/12 Mortgage Market Index | 214.1 | | 206.1 |
| 7:00AM | Jul/12 MBA Purchase Index | 140.4 | | 144.3 |
| 7:00AM | Jul/12 MBA Refi Index | 613.0 | | 532.3 |
| 8:30AM | Jun Housing starts number mm (ml) | 1.353M | 1.30M | 1.277M |
| 8:30AM | Jun Building permits: number (ml) | 1.446M | 1.40M | 1.399M |
| 8:30AM | Jun Build permits: change mm (%) | 3.4% | | -2.8% |
| 8:30AM | Jun House starts mm: change (%) | 3% | | -5.5% |
| 9:00AM | Fed Barkin Speech ☆ | | | |
| 9:15AM | Jun Capacity Utilization (%) | 78.8% | 78.4% | 78.2% |
| 9:15AM | Jun Industrial Production (%) ☆ | 0.6% | 0.3% | 0.7% |
| 9:15AM | Jun Manufacturing Production YoY | 1.1% | | -0.3% |
| 9:15AM | Jun Industrial Production YoY | 1.6% | | 0.1% |
| 9:15AM | Jun Manufacturing Production MoM | 0.4% | 0.2% | 0.6% |
| 9:35AM | Fed Waller Speech ☆ | | | |
| 10:30AM | Jul/12 EIA Heating Oil Stocks Change | 0.252M | | 0.356M |
| 10:30AM | Jul/12 EIA Gasoline Stocks Change | 3.328M | -1.7M | -2.006M |
| 10:30AM | Jul/12 EIA Gasoline Production Change | -0.751M | | 0.239M |
| 10:30AM | Jul/12 EIA Distillate Stocks Change | 3.454M | -0.5M | 4.884M |
| 10:30AM | Jul/12 Crude Oil Inventory (ml) | -4.87M | 0.8M | -3.444M |
| 10:30AM | Jul/12 EIA Cushing Crude Oil Stocks Change | -0.875M | | -0.702M |
| 10:30AM | Jul/12 EIA Distillate Fuel Production Change | 0.101M | | 0.022M |
| 10:30AM | Jul/12 EIA Crude Oil Imports Change | 0.312M | | 0.615M |
| 10:30AM | Jul/12 EIA Refinery Crude Runs Change | -0.181M | | 0.317M |
| 11:30AM | 17-Week Bill Auction (%) | 5.135% | | 5.195% |
| 1:00PM | 20-Yr Bond Auction (bl) ★ | 13 | | |
| 1:00PM | 20-Year Bond Auction | 4.466% | | 4.452% |
| 2:00PM | Fed Beige Book | | | |
| Thursday, Jul 18 | | | | |
| 8:30AM | Jul/13 Jobless claims 4-wk avg (k) | | | 233.5K |
| 8:30AM | Jul/13 Jobless Claims (k) ☆ | | 230K | 222K |
| 8:30AM | Jul/06 Continued Claims (ml) | | 1860K | 1852K |
| 8:30AM | Jul Philly Fed Business Conditions | | | 13.8 |

| Time | Event | Actual | Forecast | Prior |
|---------|--|--------|----------|----------|
| 8:30AM | Jul Philly Fed New Orders | | | -2.2 |
| 8:30AM | Jul Philly Fed Prices Paid | | | 22.5 |
| 8:30AM | Jul Philly Fed CAPEX Index | | | 12.1 |
| 8:30AM | Jul Philly Fed Employment | | | -2.5 |
| 8:30AM | Jul Philly Fed Business Index ☆ | | 2.9 | 1.3 |
| 10:00AM | Jun CB Leading Index MoM (%) | | -0.3% | -0.5% |
| 10:30AM | Jul/12 Nat gas-EIA, change bcf | | 55Bcf | 65Bcf |
| 11:30AM | 8-Week Bill Auction | | | 5.260% |
| 11:30AM | 4-Week Bill Auction | | | 5.270% |
| 12:00PM | Jul/17 15-Year Mortgage Rate | | | 6.17% |
| 12:00PM | Jul/17 30-Year Mortgage Rate | | | 6.89% |
| 1:00PM | 10-Year TIPS Auction | | | 2.184% |
| 1:00PM | 10-yr Note Auction (bl) ★ | | 19 | |
| 1:45PM | Fed Logan Speech ☆ | | | |
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| 4:00PM | May Net Long-Term Flows, excluding swaps (TIC data) (bl) | | \$98.4B | \$123.1B |
| 4:00PM | May Overall net capital flows (TIC Data) (bl) | | | \$66.2B |
| 4:00PM | May Foreign Buying, Bonds (TIC Data) (bl) | | | \$75B |
| 4:30PM | Jul/17 Central Bank Balance Sheet | | | \$7.22T |
| 6:05PM | Fed Daly Speech ☆ | | | |
| 7:30PM | Fed Bowman Speech ☆ | | | |
| 7:45PM | Fed Bowman Speech ☆ | | | |

Recent Housing News








- Refinancing Volume Highest in Nearly Two Years
- Rates Continue to Depress Builders as Well as Sales
- Higher Rates Suppress Mortgage Application Volume

Read My Latest Newsletter

Sharply Lower Inflation Brings Fed Rate Cuts Into Focus

There was a lot riding on this week's economic data and it delivered in a big way. The Consumer Price Index (CPI) has had the biggest influence on interest rates of any of the scheduled monthly economic reports, and for good reason. It is one of the two biggest and most detailed inflation reports on any given month, and it comes out about 2 weeks before the other one. That's incredibly im...

Mortgage Calculators

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