

MARKET SUMMARY

Complete Recap of Today's Market Activity

Afternoon Weakness For Longer-Term Bonds. Are MBS in That Category?

Market Summary: Tuesday, July 23, 2024 - 10:25PM

It's easy to throw around general categories when discussing the bond market such as "longer" and "shorter" term (also seen as longer and shorter ends of the yield curve). But where is the cut off? In general, the current crop of MBS being produced to cover new mortgage originations is actually somewhere in the middle of the pack (i.e. the belly of the curve). That's because the average newly-originated mortgage is not expected to last nearly as long as the 10yr Treasury note that often serves as a basis for comparison. Who cares? Not us, usually. It only matters on days where long and short term rates are doing noticeably different things. In today's case, that provided some small benefit to MBS when compared to the 10yr.

Market Movement Recap

- 10:09 AM modestly stronger overnight and sideways so far. MBS up 3 ticks (.09) and 10yr down 2.4bps at 4.228.
- 01:01 PM still sideways ahead of 2yr Treasury auction. 10yr down 2.4bps at 4.22. MBS up 3 ticks (.09).
- 03:58 PM Near weakest levels, but in a narrow range. MBS up 1 tick (.03) and 10yr down only 0.4bps at 4.249

Latest Video Analysis



PM Losses For Longer Term Bonds



Brandon Burkhardt

Loan Officer, Velocio Mortgage, L.L.C.

www.teamburkhardt.com

P: (512) 643-3116

M: (512) 643-3116

10721 Research Blvd Suite B-190
Austin TX 78759

LO NMLS#917247

Velocio NMLS #1529234



MBS & Treasury Markets

UMBS 5.5 99.39 0.00 | 10YR 4.252% +0.000% 7/23/2024 10:21PM EST

MBS at Lows, Down an Eighth from AM Highs

While there were technically a few MBS bids that suggest a 5 tick (.16) gap, the modal high is exactly an eighth of a point above current levels in 5.5 UMBS. This leaves the jumpy lenders right on the doorstep of considering a negative reprice.

While odds are highly variable in these situations, the best way to use this alert would simply be to lock if you were already planning on locking today and had just been holding out for any potential improvements. It's now looking fairly safe to say you won't see those improvements.

MBS MORNING: Uneventful, Slightly Stronger Start; Light Calendar

ALERT: Bonds Selling Off

Today's Mortgage Rates

30YR Fixed 6.87% -0.02% | 15YR Fixed 6.32% -0.01% 7/23/2024

Mortgage Rates Stay Boring, But For How Long?

Spats of volatility in the mortgage rate world seem to last only a matter of hours recently and to occur only a few times on any given month. The rest of the time is spent drifting mostly sideways waiting for the next big shoe to drop.

We've been decisively locked in one of those "drifting" moments for almost 2 weeks now with the last big move seen in response to the inflation data that came out on the morning of June 11th. The average top tier 30yr fixed rate has been in the 6.8s ever since.

Today's change was minimal with many lenders effectively unchanged compared to yesterday morning's offerings. Some lenders made adjustments toward higher rates yesterday afternoon in response to market weakness, and are now back down in line with averages.

When will the sideways drift change? Volatility has most reliably followed one of several of the most important economic reports. None of those reports are coming out this week, but there are a few solid supporting actors that will begin hitting the wires tomorrow morning (specifically, S&P Global's manufacturing and service sector indices). This won't singlehandedly change the outlook for rates, but it may cause slightly bigger movement between now and the first two weeks of August, when the big ticket data actually arrives.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Tuesday, Jul 23				

Time	Event	Actual	Forecast	Prior
8:55AM	Jul/20 Redbook yy (%)	4.9%		4.8%
10:00AM	Jul Rich Fed comp. index	-17	-7	-10
10:00AM	Jul Rich Fed, services index	5		-11
10:00AM	Jul Rich Fed manuf shipments	-21		-9
10:00AM	Jun Existing home sales (ml) ☆	3.89M	4M	4.11M
10:00AM	Jun Exist. home sales % chg (%) ☆	-5.4%		-0.7%
11:30AM	52-Week Bill Auction (bl)	70		
11:30AM	42-Day Bill Auction (%)	5.270%		5.270%
1:00PM	2-Year Note Auction	4.434%		4.706%
1:00PM	Jun Money Supply	\$21.03T		\$20.96T
1:00PM	2-Yr Note Auction (bl)	69		
4:30PM	Jul/19 API weekly crude stocks (ml)	-3.9M	-2.47M	-4.44M
Wednesday, Jul 24				
7:00AM	Jul/19 MBA 30-yr mortgage rate (%)			6.87%
7:00AM	Jul/19 MBA Mortgage Applications			3.9%
7:00AM	Jul/19 Mortgage Market Index			214.1
7:00AM	Jul/19 MBA Purchase Index			140.4
7:00AM	Jul/19 MBA Refi Index			613.0
8:00AM	Jun Build permits: change mm (%)		3.4%	-2.8%
8:00AM	Jun Building permits: number (ml)		1.446M	1.399M
8:30AM	Jun Goods Trade Balance Adv		\$-98.0B	\$-100.62B
8:30AM	Jun Wholesale inventories mm (%) ☆		0.5%	0.6%
8:30AM	Jun Retail Inventories Ex Autos MoM Adv			0%
9:45AM	Jul S&P Global Manuf. PMI ☆		51.7	51.6
9:45AM	Jul S&P Global Composite PMI ☆			54.8
9:45AM	Jul S&P Global Services PMI ★★		54.4	55.3
10:00AM	Jun New Home Sales (%) (%)			-11.3%
10:00AM	Jun New Home Sales (ml) ☆		0.64M	0.619M
10:30AM	Jul/19 EIA Gasoline Stocks Change			3.328M
10:30AM	Jul/19 EIA Heating Oil Stocks Change			0.252M
10:30AM	Jul/19 EIA Gasoline Production Change			-0.751M
10:30AM	Jul/19 EIA Distillate Fuel Production Change			0.101M
10:30AM	Jul/19 EIA Cushing Crude Oil Stocks Change			-0.875M
10:30AM	Jul/19 EIA Refinery Crude Runs Change			-0.181M
10:30AM	Jul/19 EIA Crude Oil Imports Change			0.312M
10:30AM	Jul/19 EIA Distillate Stocks Change			3.454M

Time	Event	Actual	Forecast	Prior
10:30AM	Jul/19 Crude Oil Inventory (ml)		0.7M	-4.87M
11:30AM	17-Week Bill Auction (%)			5.135%
11:30AM	2-Year FRN Auction (%)			0.155%
11:30AM	2-Yr Note Auction (bl)		30	
1:00PM	5-Year Note Auction			4.331%
1:00PM	5-Yr Note Auction (bl) ★		70	
4:05PM	Fed Bowman Speech ☆			

Recent Housing News

- Existing Home Sales: Is the Market Shifting Toward Buyers?
- Refinancing Volume Highest in Nearly Two Years
- Rates Continue to Depress Builders as Well as Sales

Read My Latest Newsletter

Very Calm Week For Rates, Despite Hitting New 6 Month Low

While much of this week's news cycle was focused on politics, it was business as usual for the bond market and interest rates. At this time of year, that business often involves a lack of major movement outside the days with the most highly consequential economic data. To be fair, there were a few economic reports that have at least some track record of inspiring market movement, but they weren...

Mortgage Calculators

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