

# MARKET SUMMARY

Complete Recap of Today's Market Activity

## Month-End Volatility, But No Bearing on Bigger Picture

Market Summary: Saturday, August 31, 2024 - 11:03PM

It was a deceptively interesting Friday for the bond market with month-end trading creating volatility that seemed relevant at first glance. Those trades easily overshadowed the calmer market movement seen in the morning hours following the PCE data, but that was a very low bar. In the grand scheme of month-end trading days (especially those that fall on the Friday before a 3 day weekend), today's volatility was average. Next week holds far more promise to shape the debate over a 25 vs 50bp Fed rate cut and, consequently, the next big move for the bond market.

### Latest Video Analysis



Month-End Volatility, But No Bearing on Bigger Picture

### MBS & Treasury Markets

UMBS 5.0	99.35	-0.15	10YR	3.907%	+0.045%	8/30/2024 5:00PM EST
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## Down an Eighth From Highs

There's some relatively quick selling underway in Treasuries, spilling over to MBS. 5.0 coupons are down just over an eighth of a point from intraday highs (also at new lows for the day). Jumper lenders could technically justify a negative reprice if they priced later in the morning.

10yr yields are now up 3.3bps at 3.894. There's no immediately obvious catalyst--nor does there need to be for this level of volatility on a month-end Friday before a 3 day weekend.

**MBS MORNING:** PCE Inflation Offers No Objections to 25bp Cut

**UPDATE:** Core PCE in Line With Expectations. Minimal Reaction



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## Today's Mortgage Rates

30YR Fixed 6.43% +0.02%

15YR Fixed 5.95% +0.00%

8/30/2024

## Mortgage Rates End The Week Roughly Unchanged

Day to day movement has been subdued in recently, and now the week over week movement is just as uneventful. Friday's average top tier 30yr fixed rate almost perfectly matched last Friday's and it was identical to where we began the week.

Given the absence of any major market moving motivations, this isn't a surprising turn of events. That said, it's worth considering that the past 3 days have seen gradual upward pressure implied by the bond market. This didn't immediately translate to upward pressure in mortgage rates due to the timing of the market movement relative to when mortgage lenders set rates for the day.

Whether or not this ends up looking like a vague warning sign depends on the economic data in the coming week. Unlike the present example, there are important data points each day with the most important report of them all--the jobs report--on Friday.

If there's a strong bias toward strength or weakness in the data, it will go a long way toward resolving the debate over the size of the Fed's rate cut in 3 weeks. The rate cut itself has no bearing on mortgage rates, but shifts in rate cut expectations tend to produce comparable shifts in mortgage rates in the run up to the Fed's official announcement.

## Economic Calendar

Last Week

This Week

Next Week

Time	Event	Actual	Forecast	Prior
<b>Friday, Aug 30</b>				
8:30AM	Jul Personal Income (%)	0.3%	0.2%	0.2%
8:30AM	Jul Core PCE Inflation (y/y) (%) ★	2.6%	2.7%	2.6%
8:30AM	Jul PCE price index mm (%)	0.2%	0.2%	0.1%
8:30AM	Jul Core PCE (m/m) (%) ★★	0.2%	0.2%	0.2%
8:30AM	Jul PCE (y/y) (%)	2.5%	2.6%	2.5%
8:30AM	Jul Inflation-Adjusted Spending (Consumption) (%)	0.5%	0.5%	0.3%
9:45AM	Aug Chicago PMI ★	46.1	45.5	45.3
10:00AM	Aug Sentiment: 1y Inflation (%) ☆	2.8%	2.9%	2.9%
10:00AM	Aug U Mich conditions ☆	61.3	60.9	62.7
10:00AM	Aug Sentiment: 5y Inflation (%) ☆	3%	3%	3%
10:00AM	Aug Michigan Consumer Expectations Final	72.1	72.1	68.8
10:00AM	Aug Consumer Sentiment (ip) ☆	67.9	68	66.4
1:00PM	Aug/30 Baker Hughes Oil Rig Count	483		483
1:00PM	Aug/30 Baker Hughes Total Rig Count	583		585
<b>Monday, Sep 02</b>				
12:00AM	Labor Day ★★			

## Recent Housing News








- Pending Home Sales Set a New Record, but not in a Good Way
- Mortgage Apps Stall as Borrowers Seem to be Waiting on Fed
- Slowing Home Price Gains Still Outstrip Inflation

## Read My Latest Newsletter

### Here's Exactly What a Fed Rate Cut Will Do For Mortgage Rates

It's still just over 3 weeks away, but questions are already ramping up regarding the impact of the Fed's rate cut on mortgage rates. Here is exactly what the rate cut itself will do: NOTHING! The easiest way to understand why is to ask yourself how mortgage rates have been able to move down by more than 1.5% since late 2023 despite the fact that the Fed never cut rates during that time. ...

## Mortgage Calculators

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