

MARKET SUMMARY

Complete Recap of Today's Market Activity

CPI Helps Flesh Out Rate Cut Odds, But Not Much Else

Market Summary: Wednesday, September 11, 2024 - 1:48PM

Heading into today's CPI data, there were valid doubts about the data's role as one of the two biggest market movers (the jobs report being the other). Those doubts proved to be well founded as far as MBS and Treasuries are concerned with all of the initial reaction being erased in the first two hours of trading. Specifically, bonds lost ground after the data, but gained it all back. The only place we see any lasting negative impact is in near-term Fed Funds Futures, where CPI has further tipped the scales in favor of a 25bp rate cut next week. So why aren't other bonds suffering? It all goes back to the thesis that the overall pace of rate cuts matters more than the size of the first one.

Latest Video Analysis



Will The Market Still Care About CPI?



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UMBS 6.0 102.38 -0.03	10YR 3.639% -0.007%	9/11/2024 5:00PM EST
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Losing Ground Again After Nice Recovery

This is more of a heads-up as opposed to an alert for most lenders considering the timing of rate sheets. In fact, some lenders who priced early in the day could still be considering POSITIVE reprices.

MBS had made it back all the way into positive territory just after 10am and 10yr yields dropped back in line with the day's best levels at the same time. Since then, gains have ebbed. MBS are down 5 ticks (.16) from the highs and 3 ticks (.09) on the day. 10yr yields are up 1.5 bps at 3.662.

It's conceivable that a lender who priced very late in the morning (i.e. around 11am) could consider a negative reprice, but those lenders tend not to be part of the jumpy crowd. It's also conceivable that some of the less logical lenders could reprice for the worse solely due to momentum, even if they released rates earlier in the morning, but this only tends to apply to a select few.

MBS MORNING: CPI Helps Flesh Out Rate Cut Odds, But Not Much Else

ALERT: CPI Slightly Hotter. Bonds Selling Moderately

Today's Mortgage Rates

30YR Fixed 6.11% -0.11%	15YR Fixed 5.62% +0.00%	9/11/2024
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Another Long-Term Low For Rates Ahead of an Inflation Report That Was Once a Really Big Deal

are based on trading in the bond market and bonds consistently take cues from economic data. Among the data, some reports are vastly more important than others--as we've seen after several recent examples of the jobs report.

The Consumer Price Index (CPI) is another extremely important report. At least it can be, at times. On many occasions in the past few years, CPI had a bigger impact on rates than the monthly jobs report, but times are changing.

Inflation metrics have cooled down significantly and the trend has been more stable. In fact, the last 3 CPI reports were consistent with inflation being under the Fed's 2.0% annual target (the next 9 would need to play ball in similar fashion for official, final victory).

The Fed figures that victory is highly likely at this point, considering some of the softening in other economic data. Even if tomorrow's CPI were to come in much higher than expected, it wouldn't be enough to push rates too much higher in the big picture.

As for today, there were no significant reports and bonds continued drifting into stronger territory. The average mortgage lender was able to offer just slightly lower rates compared to yesterday's latest levels. This means we're at another 17 month low.

Time	Event	Actual	Forecast	Prior
Wednesday, Sep 11				
7:00AM	Sep/06 MBA Mortgage Applications	1.4%		1.6%
7:00AM	Sep/06 MBA 30-yr mortgage rate (%)	6.29%		6.43%
7:00AM	Sep/06 MBA Purchase Index	138.6		136.1
7:00AM	Sep/06 Mortgage Market Index	233.7		230.5
7:00AM	Sep/06 MBA Refi Index	757.8		751.4
8:30AM	Aug y/y Headline CPI (%) ☆	2.5%	2.6%	2.9%
8:30AM	Aug CPI index, nsa	314.80	314.98	314.54
8:30AM	Aug m/m Headline CPI (%) ★	0.2%	0.2%	0.2%
8:30AM	Aug m/m CORE CPI (%) ★★	0.3%	0.2%	0.2%
8:30AM	Aug y/y CORE CPI (%) ★★★	3.2%	3.2%	3.2%
8:30AM	Aug Core CPI index, sa	314.121		313.534
10:30AM	Sep/06 EIA Crude Oil Imports Change	1.526M		-0.853M
10:30AM	Sep/06 EIA Cushing Crude Oil Stocks Change	-1.704M		-1.142M
10:30AM	Sep/06 Crude Oil Inventory (ml)	0.833M	1M	-6.873M
10:30AM	Sep/06 EIA Distillate Stocks Change	2.308M	0.3M	-0.371M
10:30AM	Sep/06 EIA Distillate Fuel Production Change	0.04M		0.167M
10:30AM	Sep/06 EIA Refinery Crude Runs Change	-0.141M		0.036M
10:30AM	Sep/06 EIA Gasoline Production Change	-0.371M		0.136M
10:30AM	Sep/06 EIA Heating Oil Stocks Change	-0.695M		0.939M
10:30AM	Sep/06 EIA Gasoline Stocks Change	2.311M	-0.1M	0.848M
11:30AM	17-Week Bill Auction (%)	4.740%		4.810%
1:00PM	10-Year Note Auction ★	3.648%		3.96%
Thursday, Sep 12				
8:30AM	Aug Core Producer Prices MM (%) ★	0.3%	0.2%	0%
8:30AM	Aug PPI Ex Food, Energy and Trade YoY	3.3%		3.3%
8:30AM	Aug PPI	144.854		144.673
8:30AM	Aug PPI Ex Food, Energy and Trade MoM	0.3%		0.3%
8:30AM	Sep/07 Jobless claims 4-wk avg (k)	230.75K		230K
8:30AM	Aug PPI YoY	1.7%	1.8%	2.2%
8:30AM	Aug Producer Prices (%)	0.2%	0.1%	0.1%
8:30AM	Sep/07 Jobless Claims (k) ☆	230K	230K	227K
8:30AM	Aug Core Producer Prices YY (%) ★	2.4%	2.5%	2.4%

Time	Event	Actual	Forecast	Prior
8:30AM	Aug/31 Continued Claims (ml)	1850K	1850K	1838K
10:30AM	Sep/06 Nat gas-EIA, change bcf	40Bcf	49Bcf	13Bcf
11:30AM	8-Week Bill Auction	4.990%		5.040%
11:30AM	4-Week Bill Auction	4.965%		5.080%
11:30AM	Aug Federal budget, \$ (bl)	\$-380B	\$-349.6B	\$-244B
12:00PM	Sep/11 15-Year Mortgage Rate	5.27%		5.47%
12:00PM	Sep/11 30-Year Mortgage Rate	6.2%		6.35%
12:00PM	WASDE Report (%)			
1:00PM	30-Year Bond Auction ☆	4.015%		4.314%
4:30PM	Sep/11 Central Bank Balance Sheet	\$7.11T		\$7.11T

Recent Housing News

- Purchase Applications Respond to Another Small Rate Dip
- Pending Home Sales Set a New Record, but not in a Good Way
- Mortgage Apps Stall as Borrowers Seem to be Waiting on Fed

Read My Latest Newsletter

Why You Might Regret Waiting For Better Rates After The Fed Cuts

This week's labor market data and Fed speeches solidified the case for the Fed to cut rates by at least 0.25% when it meets in 2 weeks. With more and more buzz surrounding that rate cut, it's only natural for consumers to enthusiastically wait for the lower mortgage rates that are sure to follow. All too often, those who wait are surprised to learn that the only rate that's guaranteed to mov...

Mortgage Calculators

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