

MARKET SUMMARY

Complete Recap of Today's Market Activity

Modestly Weaker But Ultimately Uneventful

Market Summary: Friday, September 20, 2024 - 9:08PM

In terms of the realized volatility relative to potential volatility, this week turned out to be about as calm as we could have possibly imagined. It is truly stunning that we will not be able to look back on daily bond market charts and pick out the most interesting Fed meeting in years. As for Friday, it was void of data and serendipitously weaker for bonds. One could argue that it's a simple continuation of "selling the news" after "buying the rumor," but we'd argue motivations don't matter when we're only counting a few bps of weakness in 10yr yields that leave us at levels that are still lower than all but a week and a half of the past year and a half.

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Modestly Weaker, But Ultimately Uneventful Friday

MBS & Treasury Markets

UMBS 5.5	101.37	-0.16	10YR	3.744%	+0.032%	9/20/2024 5:00PM EST
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Back Near Weaker Levels

The 4pm NYSE close created some volatility for the bond market today--something that sometimes happens--but MBS were already drifting off their afternoon highs starting at 1pm.

5.0 UMBS coupons are now down about 5 ticks (.16) from those afternoon highs. As such, if you were planning on locking today and simply waiting to see if there would be a positive reprice, there's now no sense in waiting.

Note: prices are still a few ticks higher than they were just before noon. We'd take that to mean negative reprice risk is muted apart from the few lenders that have a preference for repricing in the afternoon.

UPDATE: Erasing Most of The Weakness After Waller Comments

ALERT: MBS Down More Than an Eighth of a Point

Today's Mortgage Rates

30YR Fixed	6.15%	-0.02%	15YR Fixed	5.59%	-0.06%	9/20/2024
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The Wild Week That Wasn't

Credit where credit is due: the rate market did an outstanding job of getting out in front of the Fed rate cut as well as the changes to the Fed's rate cut outlook as communicated in the summary of economic projections (SEP).

The SEP contains the proverbial "dot plot" that shows each Fed member's base case for where the Fed Funds Rate will be over the next few years. It has a strong tendency to cause volatility for bonds/rates. This week, however, it didn't have a big impact.

If anything, the dot plot was helping point toward slightly lower rates on Fed day, but Fed Chair Powell's press conference took things back in a more neutral direction. Those counterbalancing forces meant that this week's potentially volatile mortgage rate reaction ended up being remarkably flat all things considered. Granted, rates did move a bit higher on Wednesday and Thursday, but a modest recovery on Friday left the week-over-week change almost perfectly flat. That is a stunning level of stability considering the stakes.

Another way to look at all of the above would be to say the Fed's friendlier rate outlook was well understood by the market coming into the week and it would take major changes in economic data to drive the next big picture move. To that end, early October is the most reliable source of big ticket economic data. Next week has a few potentially important reports as well, but not until Thursday and Friday.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Friday, Sep 20				
12:00AM	Roll Date - Ginnie Mae 30YR			
2:00PM	Fed Harker Speech ☆			
Monday, Sep 23				
8:00AM	Fed Bostic Speech ☆			
9:45AM	Sep S&P Global Composite PMI ☆	54.4	54.3	54.6
9:45AM	Sep S&P Global Manuf. PMI ☆	47.0	48.5	47.9
9:45AM	Sep S&P Global Services PMI ★★	55.4	55.3	55.7
10:15AM	Fed Goolsbee Speech ☆			
1:00PM	Fed Kashkari Speech ☆			

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

Why The Fed Rate Cut Didn't Help Mortgage Rates This Week

This week's newsletter will be intentionally short in hopes of it being easier to share, read, and digest. It will offer several strategies for understanding the paradoxical disconnect between the Fed Funds Rate and mortgage rates. For those interested in a deeper dive, the past 3 newsletters thoroughly covered it in detail: [Why Fed Day Matters Even Though Mortgage Rates Are Already Lowe...](#)

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