

MARKET SUMMARY

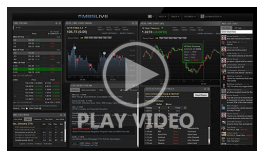
Complete Recap of Today's Market Activity

Waiting Game Returns With Straightforward, Sleepy Friday

Market Summary: Saturday, October 19, 2024 - 11:18PM

Bonds were technically a hair weaker in the overnight session, but even if they never improved from those levels, yields still would have been inside the prevailing range (4.0 to 4.12 in terms of the 10yr). As it stands, they did improve a bit, ultimately hitting 4.063 at the lows and holding near there through the close. MBS picked up a microscopic gain as well. All of the above is perfectly reasonable considering the lack of motivation in economic data. Today's only report (residential construction) hasn't moved markets in over a decade. With that, we're back to waiting for relevant data with the next notable installment not arriving until Thursday.

Latest Video Analysis



Straightforward Session. Back to Waiting

MBS & Treasury Markets

UMBS 5.0	98.47	+0.02	10YR	4.085%	-0.007%	10/18/2024 5:00PM EST
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In The Absence of Data, No Need For More Selling

While the recent trend has been unpleasant for the bond market, at least it's logical. Apart from some uncertainty related to the election and forthcoming Fed meeting, data drives all (to be fair, data drives the Fed as well). Thursday brought the week's biggest supply of data with all the big reports being stronger than expected. Bonds logically tanked. Now today, there is no significant data so bonds have no reason to tank.

For those wondering why we'd say there's no data today despite the release of Housing Starts/Building Permits, that's because the new residential construction data hasn't had even a modest impact on the bond market for well over a decade. This isn't likely to change unless there's another "crisis" type recession focused on the housing market. And even then, other housing-related data would be more likely to move markets than Starts/Permits.

ALERT: MBS Now Down More Than 3/8ths of a Point

MBS MORNING: Trifecta of Unfriendly Economic Reports For Bonds



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Today's Mortgage Rates

30YR Fixed 6.68% +0.00%

15YR Fixed 6.07% -0.02% 10/18/2024

Mortgage Rates Mostly Steady This Week After Uneventful Friday

There hasn't been much day to day movement in after the big jump caused by the jobs report earlier in the month. That jump ended on Monday the 7th and the average 30yr fixed rate hasn't moved more than 0.06% since then. For context, we wouldn't consider a short term move to be significant unless it was at least twice as big (the jobs report reaction was 6 times bigger at +0.36%).

Today was the smallest move of the week with Friday's average rate holding perfectly in line with Thursday's and only 0.04% above last Friday's latest levels. In other words, it was a perfectly flat day on what was already a fairly flat week.

This will certainly change. The only question is by how much. To a lesser extent, the question may be "when?" But in all likelihood, the next big move will arrive between November 1st and November 6th due to a confluence of massively important events including the jobs report, presidential election, and Fed rate announcement. As always, there's no way to know how these events will play out ahead of time, only that the rate reaction could go big in either direction.

Time	Event	Actual	Forecast	Prior
Friday, Oct 18				
12:00AM	Roll Date - Ginnie Mae 30YR			
8:30AM	Sep Build permits: change mm (%)	-2.9%		4.6%
8:30AM	Sep Building permits: number (ml)	1.428M	1.46M	1.47M
8:30AM	Sep Housing starts number mm (ml)	1.354M	1.35M	1.356M
8:30AM	Sep House starts mm: change (%)	-0.5%		9.6%
9:30AM	Fed Bostic Speech ☆			
10:00AM	Fed Kashkari Speech ☆			
12:10PM	Fed Waller Speech ☆			
12:30PM	Fed Bostic Speech ☆			
1:00PM	Oct/18 Baker Hughes Oil Rig Count	482		481
1:00PM	Oct/18 Baker Hughes Total Rig Count	585		586
4:00PM	Sep Federal budget, \$ (bl)	\$64B	\$61B	\$-380B
Monday, Oct 21				
8:55AM	Fed Logan Speech ☆			
10:00AM	Sep CB Leading Index MoM (%)		-0.3%	-0.2%
11:30AM	52-Week Bill Auction (bl)	81		
11:30AM	3-Month Bill Auction			4.515%
11:30AM	6-Month Bill Auction			4.270%
11:30AM	26-Week Bill Auction (bl)		72	
1:00PM	Fed Kashkari Speech ☆			
5:05PM	Fed Schmid Speech ☆			

Recent Housing News

- Mixed Signals in New Home Construction Data
- Purchase Applications Respond to Another Small Rate Dip
- Pending Home Sales Set a New Record, but not in a Good Way

Read My Latest Newsletter

Time to Start Thinking About Incredibly High Volatility Potential

This newsletter series spent 3 straight weeks trying to remind readers that mortgage rates could go higher after the Fed rate cut, and then several more weeks warning about the high stakes jobs report. We had no way of knowing how the future would play out then, and that continues to be the case, but it's time to get the next big warning on the table. The past 5 months have seen...

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