

MARKET SUMMARY

Complete Recap of Today's Market Activity

Nice Recovery After JOLTS Data and Treasury Auction

Market Summary: Wednesday, October 30, 2024 - 3:38AM

If bond yields fall a few bps after having risen about 30 times as much, is it still a rally? Who knows, but that's what happened this afternoon. Yields actually began the day higher and continued to weaken ahead of the JOLTS data and Treasury auction. Both events proved to be beneficial, but it was only after making it trough the 1pm auction of 7yr Treasuries that the buying demand stuck around long enough to get MBS and Treasuries into positive territory on the day. As our ongoing lock/float guidance suggests, periodic victories will happen in this environment. The bigger victories depend on bigger data and events, but Tuesday was nonetheless "nice" if for no other reason than to prove bonds are still capable of rallying when there's justification.

Latest Video Analysis



Nice Recovery After JOLTS and Treasury Auction



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UMBS 5.5 98.99 -0.30 | 10YR 4.301% +0.046% 10/30/2024 5:00PM EST

MBS Move Into Positive Territory After 7yr Auction

- 7yr Treasury Auction
 - 4.215 vs 4.235 f'cast
 - bid to cover 2.74x vs 2.54x avg
 -

Bonds were near their weakest levels of the day with 10yr yields pushing over 4.33% ahead of the 7yr Treasury auction. Unlike yesterday's 2 and 5yr auctions, this one was met with decidedly stronger demand, even if it required higher yields to generate that demand.

The bid-to-cover at 2.74x vs 2.54x is the highest in several years at least. One could read it as voting for a supportive ceiling for yields--i.e. "OK, rates are finally high enough to buy some bonds." Unfortunately, the 7yr Treasury isn't the best representative of the sector, but it's nonetheless been worth a recovery today.

MBS are now up 2 ticks (.06) and 10yr yields are at their lowest levels of the day at 4.291.

MBS MORNING: Pushing Back Against Early Weakness After JOLTS Data

ALERT: Negative Reprices Becoming More Likely

Today's Mortgage Rates

30YR Fixed 7.02% -0.01% | 15YR Fixed 6.50% +0.01% 10/30/2024

Mortgage Rates Hit Another Multi-Month High Despite Afternoon Recovery

tend to be updated only once per day. Lenders set rates based on trading levels in mortgage-backed securities (MBS) which are essentially bonds that are tied to cash flows from groups of mortgages. MBS move throughout the day much the same way that US Treasuries do. If they move enough, lenders can issue mid-day changes to the rates they published earlier in the day.

Today began with Treasury yields in higher territory and MBS in weaker territory. That almost always means that mortgage rates will come out higher than the previous day and indeed they did! The average lender moved up to 7.08% from 7.00% on a top tier 30yr fixed scenario.

Bonds improved in the afternoon by enough for lenders to reprice. That brought the average down to 7.03% which is obviously still a bit higher than yesterday's 7.00%. Bottom line, today's rates marketed another multi-month high.

Expect volatility potential to remain elevated through the 2nd half of next week at the very least with each day between now and then at risk of fairly substantial movement. The riskiest days are this Friday, next Wednesday, and next Thursday due the jobs report, election, and Fed announcement.

Time	Event	Actual	Forecast	Prior
Wednesday, Oct 30				
7:00AM	Oct/25 MBA 30-yr mortgage rate (%)	6.73%		6.52%
7:00AM	Oct/25 MBA Mortgage Applications	-0.1%		-6.7%
7:00AM	Oct/25 Mortgage Market Index	214.5		214.8
7:00AM	Oct/25 MBA Refi Index	630.0		672.6
7:00AM	Oct/25 MBA Purchase Index	137.8		131.3
8:15AM	Oct ADP jobs (k) ☆	233K	115K	143K
8:30AM	Treasury Refunding Announcement (%)			
8:30AM	Q3 Core PCE Prices QoQ Final ☆	2.2%	2.1%	2.8%
8:30AM	Q3 Real Consumer Spending QoQ Final	3.7%		2.8%
8:30AM	Q3 PCE Prices QoQ Final	1.5%	2.7%	2.5%
8:30AM	Q3 GDP Final Sales (%)	3%		1.9%
8:30AM	Q3 GDP deflator (%)	1.8%	1.9%	2.5%
8:30AM	Q3 GDP (%) ★	2.8%	3%	3%
10:00AM	Sep Pending Home Sales YoY	2.6%		-3%
10:00AM	Sep Pending Home Sales (%) ☆	7.4%	1.1%	0.6%
10:30AM	Oct/25 EIA Heating Oil Stocks Change	0.571M		-0.28M
10:30AM	Oct/25 EIA Crude Oil Imports Change	-0.605M		0.913M
10:30AM	Oct/25 EIA Gasoline Stocks Change	-2.707M	0.6M	0.878M
10:30AM	Oct/25 EIA Cushing Crude Oil Stocks Change	0.681M		-0.346M
10:30AM	Oct/25 EIA Distillate Fuel Production Change	-0.148M		0.257M
10:30AM	Oct/25 EIA Gasoline Production Change	-0.259M		0.666M
10:30AM	Oct/25 Crude Oil Inventory (ml)	-0.515M	2.3M	5.474M
10:30AM	Oct/25 EIA Distillate Stocks Change	-0.977M	-1.59M	-1.14M
10:30AM	Oct/25 EIA Refinery Crude Runs Change	-0.031M		0.329M
11:30AM	17-Week Bill Auction (%)	4.430%		4.445%
Thursday, Oct 31				
7:30AM	Oct Challenger layoffs (k)	55.597K		72.821K
8:30AM	Q3 Employment costs (%) ★★		0.9%	0.9%
8:30AM	Oct/19 Continued Claims (ml)		1890K	1897K
8:30AM	Q3 Employment Benefits qq (%)			1%
8:30AM	Sep Core PCE Inflation (y/y) (%) ★		2.6%	2.7%
8:30AM	Q3 Employment Wages qq (%)			0.9%

Time	Event	Actual	Forecast	Prior
8:30AM	Sep Core PCE (m/m) (%) ★★		0.3%	0.1%
8:30AM	Oct/26 Jobless claims 4-wk avg (k)			238.5K
8:30AM	Sep Personal Income (%)		0.3%	0.2%
8:30AM	Oct/26 Jobless Claims (k) ★		230K	227K
8:30AM	Sep Inflation-Adjusted Spending (Consumption) (%)		0.4%	0.2%
8:30AM	Sep PCE (y/y) (%)		2.1%	2.2%
8:30AM	Sep PCE price index mm (%)		0.2%	0.1%
9:45AM	Oct Chicago PMI ★		47	46.6
10:30AM	Oct/25 Nat gas-EIA, change bcf		79Bcf	80Bcf
11:30AM	4-Week Bill Auction			4.650%
11:30AM	8-Week Bill Auction			4.590%
12:00PM	Oct/30 30-Year Mortgage Rate			6.54%
12:00PM	Oct/30 15-Year Mortgage Rate			5.71%
4:30PM	Oct/30 Central Bank Balance Sheet			\$7.03T

Recent Housing News

- Existing Home Sales Update: Still Bad
- Mortgage Apps Aren't Crashing. They're Just Being Logical
- Mixed Signals in New Home Construction Data

Read My Latest Newsletter

November Volatility Shows Up Early And Next Week Could Be Even Crazier

Last week's newsletter warned that it was time to start thinking about incredibly high volatility potential due to events in the first few days of November. But as far as interest rates are concerned, the volatility is already here. Rates jumped sharply higher to start the new week in a move that still has market watchers scratching their heads. Some analysts pointed to election odds as a...

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