

# MARKET SUMMARY

Complete Recap of Today's Market Activity

## Decent Showing in Light of Stronger Data

Market Summary: Wednesday, October 30, 2024 - 9:53PM

Bonds lost ground today, but not as much as one might expect given the 233k vs 115k result in the ADP Employment data. Granted, ADP is a notoriously imperfect predictor of the NFP number that follows 2 days later, but that never stops markets from reacting on occasions like this. So what stopped them today? Some combination of month-end trading, a favorable report on new Treasury auction amounts, "bigger fish to fry," and perhaps the fact that payroll counts are being taken with a grain of salt due to weather-related disruptions in September. Ultimately, bonds did manage to lose a bit of ground, but not until well after the morning's econ data reaction window had passed.

### Latest Video Analysis



Reasonably Resilient in Light of Stronger Data



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### MBS & Treasury Markets

UMBS 5.5	99.04	+0.04	10YR	4.283%	-0.016%	10/30/2024 9:52PM EST
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## New Lows For MBS

MBS prices lost ground fairly quickly after the 3pm CME close and 5.5 coupons are now down a quarter point on the day and just over 3/8ths from the AM highs. Negative reprices remain possible and are now slightly more possible.

10yr yields are up 3bps to the highs of the day at 4.285.

**MBS MORNING:** Deceptively Resilient After Stronger Data

**ALERT:** MBS Down Over a Quarter Point From Highs

## Today's Mortgage Rates

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

### Economic Data Keeping Pressure on Mortgage Rates

The jobs report that came out at the beginning of October was a big wake up call for . Up until then, the prevailing belief was that the labor market was progressively softening and perhaps at risk of softening too quickly. The Federal Reserve had singled out the jobs market as an indicator that would dictate the pace of the rate cut cycle that had begun just 2 weeks earlier.

Much of the Fed's decision to opt for a 0.50% cut as opposed to a 0.25% cut had to do with the previous 2 jobs reports (the one that came out in early August and September). Both were markedly weaker. Taken together, they tipped the scales for the Fed.

The early October jobs report not only came in much stronger than expected, but it also revised the previous 2 reports quite a bit higher. That single moment of economic data completely changed the tone for interest rates, arguably contributing to just as much of the pain we've seen in October as any other factor. The only thing that comes close would be pre-election trading.

The next jobs report comes out this Friday morning, but this week has other economic reports that often serve as anecdotes. Today's ADP employment report came out much stronger than expected this morning, suggesting forecasters may be undershooting expectations for Friday's job count.

The underlying bond market (bonds dictate rates) maintained as much composure as we could have hoped for in light of the data. There was some weakness in response, but not enough to make for a big change in rates versus yesterday. Consider this a calm before two storms with the first being Friday's jobs report reaction and the second being next week's election-related market volatility. Either event has the potential to be very good or very bad for rates.

### Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
<b>Wednesday, Oct 30</b>				
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%

Time	Event	Actual	Forecast	Prior
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%
<b>Thursday, Oct 31</b>				
7:30AM	Oct Challenger layoffs (k)			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%
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 Crazy

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...

## Mortgage Calculators

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