

MARKET SUMMARY

Complete Recap of Today's Market Activity

Back to Regularly Scheduled Programming (Unfortunately)

Market Summary: Tuesday, November 12, 2024 - 7:44PM

Bonds sold off on Tuesday both during the domestic session and in the overnight hours leading up to it. Motivations are a matter of conjecture as there is not a conveniently obvious scapegoat. That hasn't stopped journalists, analysts, and traders from chiming in. The resulting laundry list mostly includes political considerations ranging from specific revelations regarding cabinet appointees to generalizations about the market continuing to process fiscal implications. We'd certainly add a high likelihood of [positional](#) considerations with last Thu/Fri now looking very much like an opportunity to cover shorts (makes yields move lower) and get neutral ahead of the 3-day weekend before getting yields back in line with post-election highs today.

Latest Video Analysis



Back to Regularly Scheduled Programming (Unfortunately)



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UMBS 5.5 98.94 +0.01 | 10YR 4.432% +0.007% 11/13/2024 12:44AM EST

New Lows for MBS, New Highs for Treasury Yields

Bonds have been selling off in fits and starts after an initial recovery at the NYSE open. That lasted all of 30 minutes and the selling has been linear since then.

MBS are down 14 ticks (.44) on the day and just over an eighth of a point from the AM highs. The jumpiest lenders could be considering a negative reprice, but most would be waiting to see 2-3 ticks (.06-.09) of additional weakness.

10yr yields are up 10.7bps at 4.413.

MBS MORNING: Two Ways to Look At This Morning's Sell-Off

ALERT: New Lows of The Day For MBS

Today's Mortgage Rates

30YR Fixed 7.02% +0.10% | 15YR Fixed 6.39% +0.02% 11/12/2024

Mortgage Rates Jump Back Above 7%

Last Thursday and Friday offered some hope that the persistent move to higher rates was finally leveling off. It wasn't necessarily a rational hope, but if nothing else, it was "nice" to see the average 30yr fixed move back below 7%. Even then, we cautioned against viewing the recovery as indicative of ongoing success. Now today, we see why.

Bonds (which dictate rates) have moved swiftly back into the weaker territory that precipitated the move over 7% in . As such, it's no surprise to see the average lender easily back into the 7s. For context, rates were as high as 7.5% in April and 8.0% at their long-term peak roughly a year ago.

As for motivations, the market continues to work through election-related volatility. That involves a complex set of considerations. Some of them have to do with actual expectations for changes in fiscal policy in the coming years. Some of the considerations are as simple as traders going through the process of exiting (and re-setting) trading positions heading into the election.

Motivations aside, it continues to be the case that would need to see significant weakness in economic data and a stronger move toward lower inflation in order for any real progress. Tomorrow morning brings the first of the week's big data points in the form of the Consumer Price Index (CPI)--an inflation report with a solid track record of inspiring reactions in rates.

Time	Event	Actual	Forecast	Prior
Tuesday, Nov 12				
6:00AM	Oct NFIB Business Optimism Index	93.7	91.9	91.5
8:55AM	Nov/09 Redbook yy (%)	4.8%		6%
10:00AM	Fed Waller Speech ☆			
10:10AM	Nov IBD economic optimism	53.2	47.3	46.9
10:15AM	Fed Barkin Speech ☆			
10:30AM	NY Fed Treasury Purchases 1 to 2.5 yrs (%)		\$75 million	
11:00AM	Oct Consumer Inflation Expectations ☆	2.9%		3%
11:30AM	52-Week Bill Auction (bl)	72		
11:30AM	26-Week Bill Auction (bl)	81		
11:30AM	3-Month Bill Auction	4.420%		4.440%
11:30AM	6-Month Bill Auction	4.310%		4.260%
1:00PM	52-Week Bill Auction (bl)	80		
1:00PM	42-Day Bill Auction (%)	4.555%		4.550%
2:00PM	Fed Kashkari Speech ☆			
2:00PM	Loan Officer Survey			
5:00PM	Fed Harker Speech ☆			
5:30PM	Fed Barkin Speech ☆			
Wednesday, Nov 13				
12:00AM	Roll Date - UMBS 30YR			
7:00AM	Nov/08 Mortgage Market Index			191.4
7:00AM	Nov/08 MBA Mortgage Applications			-10.8%
7:00AM	Nov/08 MBA 30-yr mortgage rate (%)			6.81%
7:00AM	Nov/08 MBA Purchase Index			130.8
7:00AM	Nov/08 MBA Refi Index			513.5
8:30AM	Oct CPI index, nsa		315.59	315.30
8:30AM	Oct Core CPI index, sa			314.686
8:30AM	Oct m/m Headline CPI (%) ★		0.2%	0.2%
8:30AM	Oct y/y Headline CPI (%) ☆		2.6%	2.4%
8:30AM	Oct y/y CORE CPI (%) ★★		3.3%	3.3%
8:30AM	Oct m/m CORE CPI (%) ★★★		0.3%	0.3%
9:45AM	Fed Logan Speech ☆			
11:00AM	Q3 Total Household Debt			\$17.8T
11:30AM	17-Week Bill Auction (%)			4.410%
1:00PM	Fed Musalem Speech ☆			
1:30PM	Fed Schmid Speech ☆			

Time	Event	Actual	Forecast	Prior
2:00PM	Oct Federal budget, \$ (bl)		\$-211B	\$64B
4:30PM	Nov/08 API weekly crude stocks (ml)			3.132M

Recent Housing News

- Mortgage Demand Regressing Amid Rapid Rate Spike
- Existing Home Sales Update: Still Bad
- Mortgage Apps Aren't Crashing. They're Just Being Logical

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How The Election and The Fed Impacted Rates

Mortgage rates spent the entire month of October moving higher at a fairly quick pace. Some of that had to do with stronger economic data, but at least as much had to do with the bond market (bonds dictate rates) adjusting to election probabilities. As we've been advising in recent weeks, the consensus was that a Trump victory (or improved odds thereof) was associated with upward pressure on rates...

Mortgage Calculators

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