

MARKET SUMMARY

Complete Recap of Today's Market Activity

Morning Weakness a Simple Factor of Positioning

Market Summary: Monday, December 2, 2024 - 11:22AM

It can be a bit tricky to understand the roll of various forms of positioning when it comes to otherwise inexplicable movement in the bond market. It's also a fairly vague term that can refer to several different things. These include month-end trading, new-month trading, position squaring and [short covering](#), to name the usual suspects. The effects of position-driven trading are amplified by the low volume and light [liquidity](#) of a major holiday weekend, and all of the above are playing a role in this morning's weakness. In a nutshell, there was never any genuine strength after last Friday's opening bell. We actually specifically entertained the possibility of short-covering driving those gains. This morning, we're simply seeing those short-[positions](#) being re-entered.



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Latest Video Analysis



Stronger Bonds, Before and After (And Regardless of) Economic Data

MBS & Treasury Markets

UMBS 6.0	101.23	-0.20	10YR	4.195%	+0.025%	12/2/2024 5:00PM EST
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Morning Weakness a Simple Factor of Positioning

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UPDATE: Near Weakest Levels

MBS MORNING: Thanksgiving Nap Time Comes Early, Thanks to AM Data

Today's Mortgage Rates

30YR Fixed 6.91% +0.03%

15YR Fixed 6.12% +0.03%

12/2/2024

Lowest Mortgage Rates in a Month

The interest rate market continues the healing process after taking heavy damage in October. During the course of that month, the average top tier conventional 30yr fixed rate increased more than 0.75% and broke above 7.0% for the first time since early July. The first few days of November saw some additional volatility with our rate index hitting 7.13% on November 6th.

Things have calmed down more and more since then. While this doesn't mean there's been a huge correction back toward lower levels, the absence of additional weakness is nearly as big of a victory as we could have seen. Today's installment didn't bring a huge day-over-day change to , but we were already close enough to the 1-month low that a modest improvement is all it took.

Rates take cues from bonds which, in turn, take cues from economic data, among other things. Today was the busiest day of the week for data, but none of it ended up causing a big move in one direction or the other. Instead, bonds calmly continued toward stronger levels.

Be aware that this sort of movement at this time of the year can be a serendipitous byproduct of market motivations that don't have anything to do with the typical motivations. That's an opaque phrase, to be sure, but a high detail explanation would require a novel, and it would be fairly esoteric to boot. Suffice it to say that traders have to make certain trades before the end of the month, and most bond traders would consider that to be today. It shouldn't necessarily be viewed as an indication of additional positive momentum.

This isn't to say that rates can't continue to improve next week, but any attempt to do so would be predicated on the incoming economic data--especially next Friday's jobs report.

Time	Event	Actual	Forecast	Prior
Monday, Dec 02				
9:45AM	Nov S&P Global Manuf. PMI ☆	49.7	48.8	48.5
10:00AM	Nov ISM Mfg Prices Paid ★	50.3	55.2	54.8
10:00AM	Nov ISM Manufacturing Employment	48.1		44.4
10:00AM	Nov ISM Manufacturing New Orders	50.4		47.1
10:00AM	Nov ISM Manufacturing PMI ★★	48.4	47.5	46.5
10:00AM	Oct Construction spending (%)	0.4%	0.2%	0.1%
11:30AM	26-Week Bill Auction (b)	81		
11:30AM	6-Month Bill Auction	4.305%		4.340%
11:30AM	3-Month Bill Auction	4.400%		4.415%
11:30AM	26-Week Bill Auction (b)	72		
3:15PM	Fed Waller Speech ☆			
4:30PM	Nov/27 Central Bank Balance Sheet	\$6.91T		\$6.92T
4:30PM	Fed Williams Speech ☆			
Tuesday, Dec 03				
6:00AM	Nov LMI Logistics Managers Index Current	58.4		58.9
8:55AM	Nov/30 Redbook yy (%)	7.4%		4.9%
10:00AM	Oct JOLTs Job Quits ☆	3.326M		3.071M
10:00AM	Oct USA JOLTS Job Openings ★	7.744M	7.48M	7.443M
10:10AM	Dec IBD economic optimism	54	54.1	53.2
11:30AM	26-Week Bill Auction (b)	75		
11:30AM	42-Day Bill Auction (%)	4.400%		4.480%
12:35PM	Fed Kugler Speech ☆			
3:45PM	Fed Golsbee Speech ☆			
4:30PM	Nov/29 API weekly crude stocks (ml)	1.232M	-2.06M	-5.935M
6:00PM	Nov Total Vehicle Sales (ml)	16.5M	16M	16M








Recent Housing News

- Home Mortgage Purchase Applications Highest Since February
- New Home Sales Sharply Lower in October, But There's a Catch
- Latest Home Price Numbers, Including a New Conforming Loan Limit

Rates and Housing Back in The Waiting Game

After embarking on a volatile journey in early October, the past 2 weeks have been calmer for mortgage rates. The present week was especially uneventful relative to the past 2 months. The following chart measures volatility in the underlying bond market, which is the precursor for mortgage rate movement. As such, it's no surprise to see volatility subside in mortgage rates.&nbs...

Mortgage Calculators

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