

MARKET SUMMARY

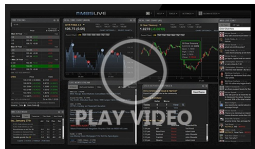
Complete Recap of Today's Market Activity

Why So Much Selling in Bonds?

Market Summary: Saturday, December 14, 2024 - 4:09AM

Without a doubt, it's been a frustrating and puzzling week for the bond market. Everyone knows that bonds have moved consistently higher in yield, but there is very little understanding and agreement about WHY that move has taken place. Europe had a rough week, but EU bonds didn't lose as much ground as US bonds, so we can't really stop there. We also know that econ data wasn't to blame (or if it was, traders bought bonds at first and then changed their minds later in the day--not typical behavior, to say the least). Beyond those considerations, we're left with guesses and possibilities that are much harder to substantiate and much more esoteric. These include things like year-end positioning constraints, a move to the sidelines before the Fed announcement, and curve trading driven by one of several factors.

Latest Video Analysis



Why So Much Selling in Bonds?



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MBS & Treasury Markets

| | | | | | | |
|----------|-------|-------|------|--------|---------|-----------------------|
| UMBS 5.5 | 99.26 | -0.33 | 10YR | 4.393% | +0.063% | 12/13/2024 5:00PM EST |
|----------|-------|-------|------|--------|---------|-----------------------|

MBS Down Another Eighth From Previous Alert

Just a heads up that the bad times continue to roll. MBS are now down 10 ticks (.31) on the day and another eighth of a point from 10am (the time of the last alert).

Lenders are increasingly likely to be considering negative reprices.

10yr yields are up 5.8bps at 4.388.

No new news/motivations. Just momentum.

MBS MORNING: Another Red Day. Is There Any Reason For Hope?

ALERT: MBS Already Down More Than an Eighth of a Point

Today's Mortgage Rates

30YR Fixed 6.95% +0.08%

15YR Fixed 6.23% +0.09%

12/13/2024

Mortgage Rates Rise For 5th Straight Day

There's no easy way to say it: it was a bad week for . Actually, it was a bad week for in general and mortgage rates typically follow the rest of the rate market.

After hitting the lowest levels in a month and a half last Friday, each of the next 5 days saw a modest to moderate increase in the average lender's mortgage rates.

But why?

Rates are tied to the bond market. Movement in bonds dictates what mortgage lenders can offer. Bonds can move for multiple reasons, but if we could only ever consider one input, it would be the broad category of "economic data."

That's what makes this week frustrating. Economic data arguably didn't suggest the type of damage we ended up seeing. Unfortunately, once we move past economic data, rate motivations become much less obvious and much harder to discuss without esoteric bond market jargon.

Suffice it to say that there are factors beyond the domestic economy that have traders shifting their bond holdings. Some of those have to do with end-of-year requirements for financial statements. Some are more focused on getting into position to react to next week's Fed rate announcement on Wednesday. At that point, we'll either see some reprieve, or an acceleration of the recent momentum.

| Time | Event | Actual | Forecast | Prior |
|-----------------------|--|--------|----------|--------|
| Friday, Dec 13 | | | | |
| 8:30AM | Nov Export prices mm (%) | 0% | -0.2% | 0.8% |
| 8:30AM | Nov Import prices mm (%) | 0.1% | -0.2% | 0.3% |
| 8:30AM | Nov Export Prices YoY | 0.8% | | -0.1% |
| 8:30AM | Nov Import Prices YoY | 1.3% | | 0.8% |
| 1:00PM | Dec/13 Baker Hughes Oil Rig Count | 482 | | 482 |
| 1:00PM | Dec/13 Baker Hughes Total Rig Count | 589 | | 589 |
| Monday, Dec 16 | | | | |
| 12:00AM | Roll Date - UMBS 15YR, Ginnie Mae 15YR | | | |
| 8:30AM | Dec NY Fed Manufacturing ☆ | 0.20 | 12 | 31.20 |
| 9:45AM | Dec S&P Global Composite PMI ☆ | 56.6 | | 54.9 |
| 9:45AM | Dec S&P Global Services PMI ★★ | 58.5 | 55.7 | 56.1 |
| 9:45AM | Dec S&P Global Manuf. PMI ☆ | 48.3 | 49.8 | 49.7 |
| 11:30AM | 52-Week Bill Auction (bl) | 81 | | |
| 11:30AM | 6-Month Bill Auction | 4.160% | | 4.200% |
| 11:30AM | 3-Month Bill Auction | 4.250% | | 4.300% |
| 11:30AM | 26-Week Bill Auction (bl) | 72 | | |
| 12:00PM | NOPA Crush Report (%) | | | |

Recent Housing News

- Mortgage Applications Surge (Relatively) as Rates Drop (Relatively)
- Mortgage Purchase Demand Continues Surging, Sort Of...
- Home Mortgage Purchase Applications Highest Since February

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Fed Will Cut Next Week, But They're Not Cutting Mortgage Rates

Mortgage rates spent 5 out of 5 days moving higher this week. Frustratingly, the damage wasn't readily linked to normal motivations like stronger economic data or higher inflation. It served as a reminder that rates can move for reasons that transcend easy explanations. One of the easiest and most blatantly incorrect explanations for mortgage rate movement is that it has something to do w...

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