

# MARKET SUMMARY

Complete Recap of Today's Market Activity

## Time For One of Those "Path of Least Resistance" Headlines

Market Summary: Tuesday, December 24, 2024 - 11:23AM

Bonds are selling off for no obvious reasons for however many days in a row it's been (at least 2 unless you count last Thursday). Episodes like this result in bond analysts dusting off phrases like "the path of least resistance"--typically only ever seen with selling pressure. This path arguably began in early December after the jobs report failed to push 10yr yields sustainably below 4.17. One could even say it began with the jobs report in early October that singlehandedly obviated any urgency on the part of the Fed to address some sort of troubling slide in the labor market. At the very least, the most recent leg of weakness can be thought of as the path of least resistance in light of last week's Fed announcement/dots/press conference.

### Latest Video Analysis



Steady Selling in Bonds. 'Tis The Season



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UMBS 5.5 98.42 -0.04 | 10YR 4.585% -0.004% 12/24/2024 1:59PM EST

### Time For One of Those "Path of Least Resistance" Headlines

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The act of pushing the rate cut outlook farther into the future and/or of declaring a higher neutral rate is consistent with "steepening" of the yield curve. That's a fancy word that means 10yr yields are moving higher relative to 2yr yields, or that 2yr yields are falling faster than 10yr yields.

Bottom line, there was a chance that a floundering labor market would accelerate the rate cut outlook, sticky inflation be damned. October's release of NFP meant that the focus could shift back toward sticky inflation, and subsequent inflation reports confirm there's no reason to rush additional hikes. Combine that with some unknown risk that fiscal changes continue to juice the economy and we're right back to the "higher for longer" mentality that dominated the discourse last year.

Don't lose hope though. Things can change, but it will take a noticeable shift in the inflation data, or another troubling swoon in labor metrics. Either way, the path of least resistance can't really change until we actually get those reports in the first 2 weeks of January, and even then, it would take a few months in succession to really make a case for a shift. There's also some hope from the outright level of yields, which began to bring out value buyers the last time 10yr Treasuries moved into the upper 4% range.

(NOTE: MBS Live is on holiday half-day protocol today. That means this morning's commentary is also the closing commentary unless something really crazy necessitates additional coverage. Updates/alerts will only go out in the event of extreme movement. As always, MBS Live members can set up multiple automated alerts ([here](#)) if you're actually making intraday lock decisions today.)

**ALERT:** Down More Than a Quarter Point

**MBS MORNING:** No Help From Weaker Econ Data. Holiday Week Idiosyncrasies

## Today's Mortgage Rates

30YR Fixed 7.10% +0.06%

15YR Fixed 6.45% +0.02%

12/23/2024

### Mortgage Rates Higher to Start Holiday-Shortened Week

Holidays have inconsistent impacts on because holiday's have inconsistent impacts on the bond market (and rates are dictated by the bond market). Bond traders (the people buying and selling the bonds that ultimately determine mortgage rates) are people too. They take vacations, or tack an extra day or two onto a scheduled holiday market closure to make for an extended holiday weekend.

When more than a few traders are absent, the balance of remaining traders can make for different dynamics than would normally be seen. This can cause some distortion in rates around the holidays, typically in the form of increased volatility.

Trader absences aren't the only consideration--especially in late December. There can be a lot of seemingly random trading motivation that acts to push rates higher or lower regardless of the cues from the more normal inputs (such as economic data and policy changes).

In the current case, we're fresh off a monetary policy communication that had a negative impact on rates. Now in the new week, rates are moving higher yet again, despite what would normally be friendly cues from this morning's economic data. The light trading volume suggests the holiday idiosyncrasies are at least partly to blame.

The average mortgage lender is back near its highest rates of the past few months, with top tier conventional 30yr fixed rates hovering around 7.125%.

## Economic Calendar

Last Week

This Week

Next Week

Time	Event	Actual	Forecast	Prior
<b>Tuesday, Dec 24</b>				
8:55AM	Dec/21 Redbook yy (%)	5.9%		4.8%
10:00AM	Dec Rich Fed, services index	23		9
10:00AM	Dec Rich Fed comp. index	-10	-9	-14
10:00AM	Dec Rich Fed manuf shipments	-11		-12
11:30AM	2-Yr Note Auction (bl)	28		
11:30AM	2-Year FRN Auction (%)	0.140%		0.170%
11:30AM	5-Year Note Auction	4.478%		4.197%
11:30AM	5-Yr Note Auction (bl) ★	70		
2:00PM	Christmas Eve ★★			
4:30PM	Dec/20 API weekly crude stocks (ml)			-4.7M
7:00PM	US Holiday			
<b>Wednesday, Dec 25</b>				
12:00AM	Christmas Day ★★			

## Recent Housing News

- [New Homes Sales Bounce Back After Hurricane Season](#)
- [Highest Existing Home Sales Since March](#)
- [Modest Refi Surge Was Fun While it Lasted](#)

## Read My Latest Newsletter

### Once Again, Mortgage Rates Shoot Higher After a Fed Rate Cut

"If anything on Fed day ends up having an impact on mortgage rates, it would have to be changes in the Fed's rate outlook and/or comments from Fed Chair Powell during the press conference that follows the rate announcement." That's how we closed out last week's newsletter , and there were certainly some changes! The gist was that mortgage rates often correlate very poorly with changes in...

## Mortgage Calculators

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