

# MARKET SUMMARY

Complete Recap of Today's Market Activity

## Have You Heard The One About "Path of Least Resistance?"

Market Summary: Thursday, December 26, 2024 - 11:48AM

Bonds are back in the office for a few days, at least in the sense that there are no holiday scheduled changes, and they've wasted no time getting right back to the messaging that's been in force for most of the month. Specifically, the path of least resistance is for longer term rates to move higher at a faster pace than short term rates. Things like the jobs report early in the month or the Fed announcement last week have contributed to this steepening effect (fancy jargon for 10yr yields moving higher faster than 2yr yields), but there are days where that momentum seems self-sustaining without any additional motivation. Today is just the latest example.

### Latest Video Analysis



Steady Selling in Bonds. 'Tis The Season



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UMBS 6.0 100.38 +0.10 | 10YR 4.578% -0.007% 12/26/2024 5:00PM EST

### Have You Heard The One About "Path of Least Resistance?"

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The following chart is from 12/24, but nothing has changed since then in the bigger picture.

Today's only relevant econ data is weekly jobless claims, and there's nothing interesting to report there. Claims came in just under forecast, and even in non-seasonally adjusted terms, they continue tracking with the recent reference years.

**MBS MORNING:** Time For One of Those "Path of Least Resistance" Headlines

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

## Today's Mortgage Rates

30YR Fixed 7.12% +0.02% | 15YR Fixed 6.48% +0.03% 12/26/2024

### 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%.

Time	Event	Actual	Forecast	Prior
<b>Thursday, Dec 26</b>				
8:30AM	Dec/21 Jobless claims 4-wk avg (k)	226.5K		225.5K
8:30AM	Dec/14 Continued Claims (ml)	1910K	1880K	1874K
8:30AM	Dec/21 Jobless Claims (k) ★	219K	224K	220K
11:30AM	4-Week Bill Auction	4.260%		4.230%
11:30AM	8-Week Bill Auction	4.265%		4.230%
12:00PM	Dec/25 15-Year Mortgage Rate	6%		5.92%
12:00PM	Dec/25 30-Year Mortgage Rate	6.85%		6.72%
1:00PM	Nov Money Supply	\$21.45T		\$23.31T
1:00PM	17-Week Bill Auction (%)	4.230%		4.220%
1:00PM	7-Year Note Auction	4.532%		4.183%
1:00PM	7-Yr Note Auction (bl) ★	44		
4:30PM	Dec/25 Central Bank Balance Sheet	\$6.88T		\$6.89T
<b>Friday, Dec 27</b>				
8:30AM	Nov Retail Inventories Ex Autos MoM Adv	0.6%		0.1%
8:30AM	Nov Wholesale inventories mm (%) ☆	-0.2%	0.2%	0.2%
8:30AM	Nov Goods Trade Balance Adv	\$-102.86B	\$-100.7B	\$-99.08B
10:30AM	Dec/20 Nat gas-EIA, change bcf	-93Bcf	-99Bcf	-125Bcf
1:00PM	Dec/20 Crude Oil Inventory (ml)	-4.237M	-2M	-0.934M
1:00PM	Dec/20 EIA Crude Oil Imports Change	0.995M		-1.131M
1:00PM	Dec/20 EIA Distillate Stocks Change	-1.694M	-0.7M	-3.18M
1:00PM	Dec/20 EIA Cushing Crude Oil Stocks Change	-0.32M		0.108M
1:00PM	Dec/20 EIA Distillate Fuel Production Change	0.178M		-0.135M
1:00PM	Dec/20 EIA Refinery Crude Runs Change	0.205M		-0.048M
1:00PM	Dec/20 EIA Gasoline Production Change	0.051M		-0.173M
1:00PM	Dec/20 EIA Heating Oil Stocks Change	-0.062M		-0.304M
1:00PM	Dec/20 EIA Gasoline Stocks Change	1.63M	-1M	2.348M
1:00PM	Dec/27 Baker Hughes Oil Rig Count	483	483	483
1:00PM	Dec/27 Baker Hughes Total Rig Count	589		589








## 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

## 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](#)