

MARKET SUMMARY

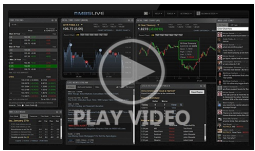
Complete Recap of Today's Market Activity

What's Up With These Crazy Gains on Monday Morning?!

Market Summary: Monday, December 30, 2024 - 12:31PM

Stop the presses! MBS are up almost 3/8ths of a point in early trading and 10yr yields have surged lower by 8bps. This is a massive and miraculous rally that surely must have some compelling and obvious motivation! Here's the motivation: take everything you saw last week and throw it out. We kept saying different versions of that directive at the time. To be fair, it's probably a good idea to do the same in the present week. We'll all find out where bonds want to trade later this week, but for sure by next week. Today's trading levels are right in line with those seen immediately after Fed day and--therefore--not interesting or indicative of anything new and different. For those who aren't comfortable with such a dismissive, cavalier approach to market movement, if you'd like to make something up, just tell people that it's "year end positioning and asset allocation trading driving forced buying of bonds and selling in stocks." No one would argue with you.

Latest Video Analysis



Weaker Afternoon, But Still Uneventful



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UMBS 5.5 98.82 +0.35 | 10YR 4.539% -0.087% 12/30/2024 5:00PM EST

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For those more interested in participating in reality, simply consider that trading levels are right back to where they were at the exact moment that we told you to stop paying attention due to the extreme drop-off in volume and for the holiday week.

ALERT: New Lows and Modest Reprice Risk

MBS MORNING: Weaker in Europe, But Reasonably Resilient in Early US Trading

Today's Mortgage Rates

30YR Fixed 7.06% -0.05% | 15YR Fixed 6.46% -0.01% 12/30/2024

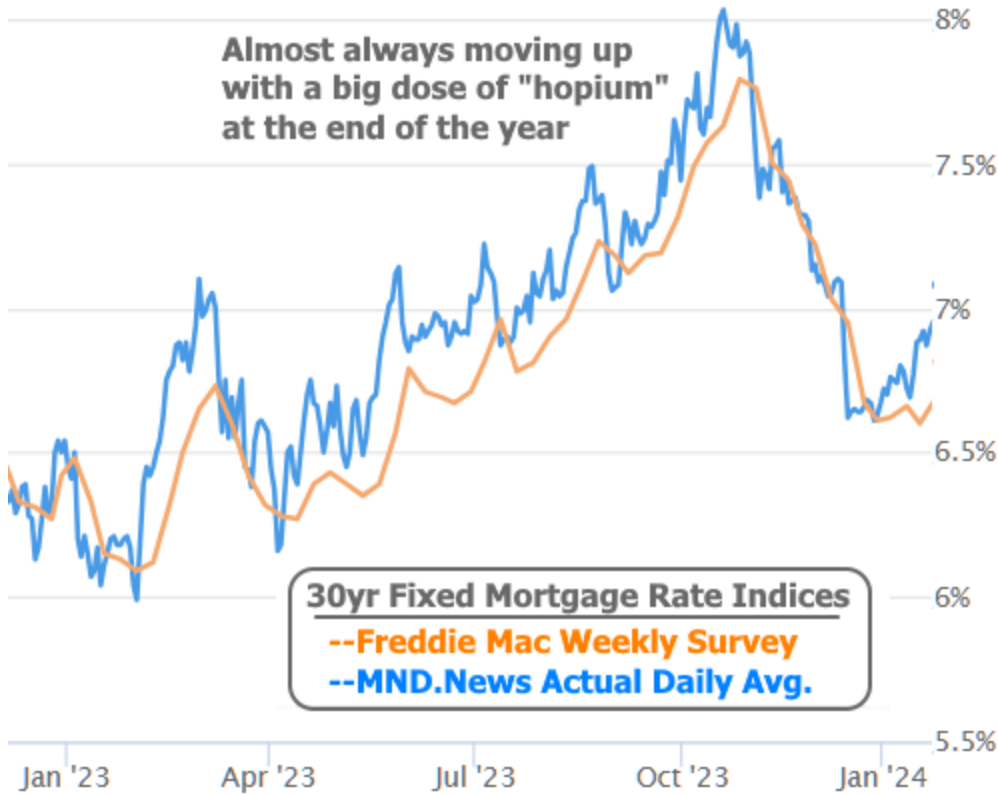
Mortgage Rates Little Changed Today, This Year, And Over The Past 2 Years

didn't move much today, and markets have been very quiet due to the holiday week. So we'll take a quick moment for a retrospective.

In September 2022, 30yr fixed mortgage rates crested 7% for the first time in more than 2 decades. The following year saw rates move momentarily under 6% and over 8% before returning to 7% by December. Surely, that broadly sideways performance in 2023 meant that a corner had been turned.

2023

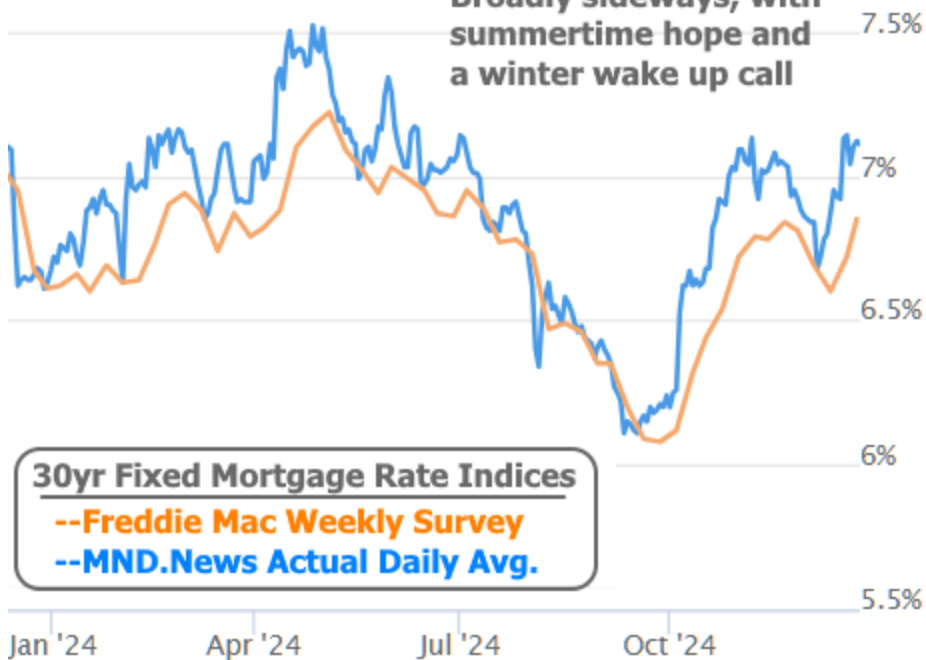
Almost always moving up with a big dose of "hopium" at the end of the year



Up until the past few months, 2024 indeed looked like a decisively more hopeful year. To be fair, it was still better than 2023, but ultimately, just as sideways in the end.

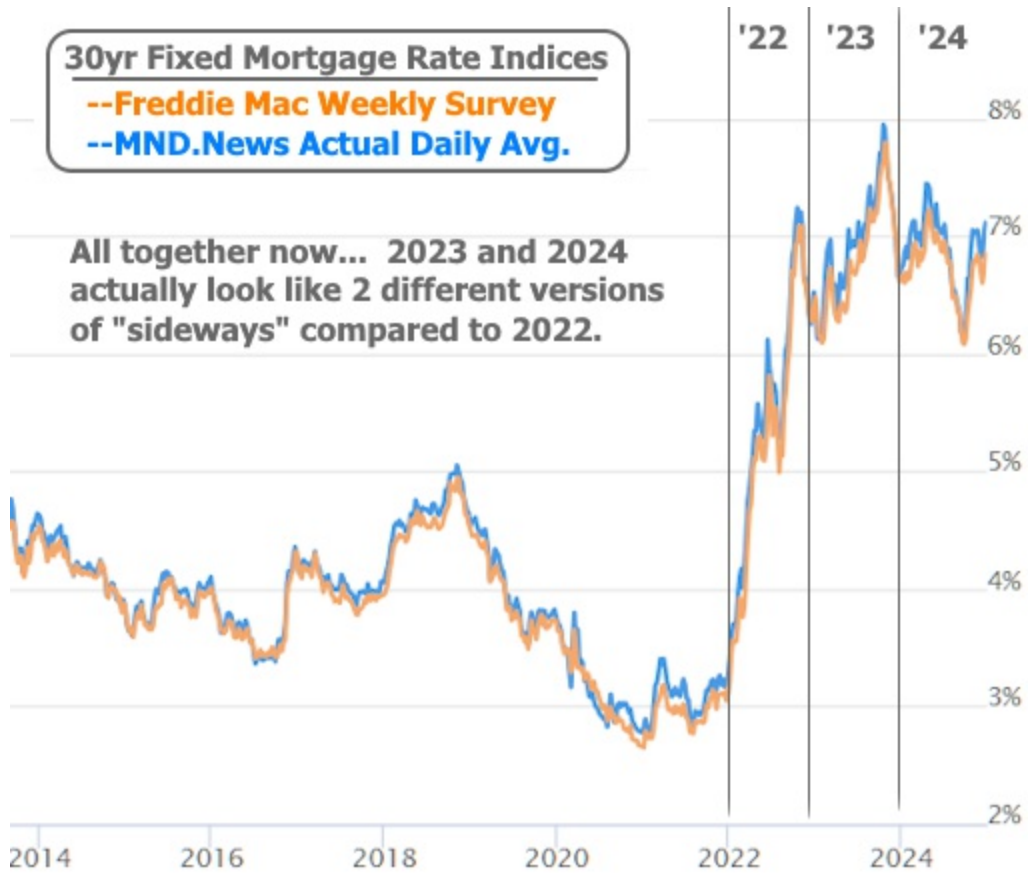
2024

Broadly sideways, with summertime hope and a winter wake up call



Will we find ourselves in the same position at the end of 2025? That depends on the state of the economy and inflation. The latter is of critical importance. Until and unless inflation sustainably returns to 2% or lower, longer term rates will have a very hard time making significant progress. Even then, the U.S. will need to avoid and preferably reverse the post-pandemic trend of heavy issuance of Treasuries--something that keeps rates elevated regardless of inflation or the economy.

If there's a saving grace, it's that this 3 year time frame (2022-2024) now looks a lot like 1980-1982 in terms of the trajectory of rates, and that was the big turning point for the only comparable episode in modern economic history.



Time	Event	Actual	Forecast	Prior
Monday, Dec 30				
9:45AM	Dec Chicago PMI ☆	36.9	42.5	40.2
10:00AM	Nov Pending Home Sales YoY	6.9%		5.4%
10:00AM	Nov Pending Home Sales (%) ☆	2.2%	0.7%	2%
10:30AM	Dec Dallas Fed Manufacturing Index	3.4		-2.7
11:30AM	26-Week Bill Auction (bl)	84		
11:30AM	6-Month Bill Auction	4.135%		4.170%
11:30AM	3-Month Bill Auction	4.230%		4.240%
11:30AM	26-Week Bill Auction (bl)	72		
1:00PM	26-Week Bill Auction (bl)	75		
Tuesday, Dec 31				
8:55AM	Dec/28 Redbook yy (%)	7.1%		5.9%
9:00AM	Oct CaseShiller 20 mm nsa (%)	-0.2%		-0.3%
9:00AM	Oct Case Shiller Home Prices-20 y/y (%) ☆	4.2%	4.1%	4.6%
9:00AM	Oct House Price Index	432.3		430.3
9:00AM	Oct FHFA Home Price Index m/m (%)	0.4%	0.5%	0.7%
9:00AM	Oct FHFA Home Prices y/y (%) ☆	4.5%		4.4%
10:30AM	Dec Dallas Fed Services Revenues Index	13.8		10.9
10:30AM	Dec Dallas Fed Services Index	9.6		9.8
2:00PM	New Year's Eve ★★			
4:30PM	Dec/27 API weekly crude stocks (ml)	-1.442M	-3M	-3.2M
7:00PM	US Holiday			

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

Let's Try Something New For 2025

"So long 2024. Don't let the door hit ya!" Or... "another year closer to turning a longer-term corner in the housing market." For better or worse, 2024 was a lot more like 2023 than most housing/mortgage pros were expecting. Existing home sales still have another month of reporting for 2024, but there's no result that would change the perception of this year being an almost perfect carbon copy ...

Mortgage Calculators

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