

MARKET SUMMARY

Complete Recap of Today's Market Activity

Orderly Move to Highest Yields in 8 Months

Market Summary: Tuesday, January 7, 2025 - 4:23PM

Bonds reacted logically to this morning's econ data at 10am. ISM Services' inflation component was one of the worst offenders, but higher job openings didn't help. The spike in yields was instantaneous but fairly well contained. Bonds managed to drift sideways for the entire session after that with no discernible reaction to the 10yr Treasury auction (not a surprise considering it was very close to expected levels). All told, yields inched up to the highest since April 2024, but in a very orderly way.

Latest Video Analysis



Not Great, But Could Have Been Worse



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MBS & Treasury Markets

UMBS 5.5	98.20	-0.20	10YR	4.682%	+0.050%	1/7/2025 5:00PM EST
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Bonds on The Run After Data

High hopes and crossed fingers may help one's outlook in advance of key economic data, but they are powerless once the data comes out. In today's case, the Job Openings data coincided with ISM Services at 10am to deliver a one-two punch to bond bulls. Both were stronger than expected. ISM was especially troubling. It is the heavier hitter of those two reports and several of the internal components added insult to injury (e.g. "prices" component at 64.4 vs 58.2 last time, not boding well for inflation next week). Bonds saw the writing on the wall instantly. Yields are now up to the highest levels since April 2024.

ALERT: Hotter Data. Bonds Selling

ALERT: Down More Than a Quarter Point From AM Highs

Today's Mortgage Rates

30YR Fixed 7.14% +0.04%

15YR Fixed 6.50% +0.00%

1/7/2025

Mortgage Rates Rise to Match 6 Month Highs

We came into the current week knowing that rates would take cues from any clear cues in this week's economic data. In general, that means higher rates in response to stronger data or lower rates if the data is weaker. Today's data was stronger across the board.

One of the most closely watched economic reports that most people have never heard of--ISM's Service sector index--was only a bit higher than markets expected, but the report includes separate components for things like employment and prices. Today's release showed a sharp increase in prices and that's a particularly sensitive subject for rates these days.

At the same time, the US government released job openings numbers which showed an unexpected uptick back to the highest levels in 6 months. Higher jobs openings tend to coincide with higher rates.

Incidentally, also matched their highest levels in 6 months today, last seen on December 19th and July 1st. On the plus side, this didn't represent a huge move from yesterday's latest levels with the average lender only increasing 30yr fixed rates by 0.04%.

Economic Calendar

Last Week

This Week

Next Week

Time	Event	Actual	Forecast	Prior
Tuesday, Jan 07				
6:00AM	Dec LMI Logistics Managers Index Current	57.3		58.4
8:00AM	Fed Barkin Speech ☆			
8:30AM	Nov Trade Gap (bl)	\$-78.2B	\$-78B	\$-73.8B
8:30AM	Nov Imports	\$351.6B		\$339.6B
8:30AM	Nov Exports	\$273.4B		\$265.7B
8:55AM	Jan/04 Redbook yy (%)	6.8%		7.1%
10:00AM	Nov JOLTs Job Quits ☆	3.065M		3.326M
10:00AM	Dec ISM Biz Activity ★	58.2		53.7
10:00AM	Dec ISM N-Mfg PMI ★★	54.1	53.3	52.1
10:00AM	Dec ISM Services Employment	51.4	51.4	51.5
10:00AM	Dec ISM Services Prices	64.4	57.5	58.2
10:00AM	Nov USA JOLTS Job Openings ★	8.098M	7.70M	7.744M
10:00AM	Dec ISM Services New Orders	54.2	54.2	53.7
11:30AM	52-Week Bill Auction (bl)	85		
11:30AM	42-Day Bill Auction (%)	4.245%		4.280%
1:00PM	10-yr Note Auction (bl) ★	39		
1:00PM	10-Year Note Auction ★	4.68%		4.235%

Time	Event	Actual	Forecast	Prior
4:30PM	Jan/03 API weekly crude stocks (ml)	-4.022M	-0.25M	-1.442M
Wednesday, Jan 08				
7:00AM	Jan/03 MBA Mortgage Applications	-3.7%		-12.6%
7:00AM	Jan/03 MBA 30-yr mortgage rate (%)	6.99%		6.97%
7:00AM	Jan/03 Mortgage Market Index	168.4		174.9
7:00AM	Jan/03 MBA Purchase Index	127.7		136.7
7:00AM	Jan/03 MBA Refi Index	401.1		395.1
8:15AM	Dec ADP jobs (k) ☆	122K	140K	146K
8:30AM	Dec Total Vehicle Sales (ml)	16.8M	16.5M	16.5M
8:30AM	Dec/28 Continued Claims (ml)	1867K	1870K	1844K
8:30AM	Jan/04 Jobless Claims (k) ★	201K	218K	211K
8:30AM	Jan/04 Jobless claims 4-wk avg (k)	213K		223.25K
8:30AM	Fed Waller Speech ☆			
9:00AM	Dec Used Car Prices YoY	0.4%		0.2%
9:00AM	Dec Used Car Prices MoM	-0.3%		1.3%
10:00AM	Nov Wholesale inventories mm (%) ☆	-0.2%	-0.2%	0.1%
10:30AM	Jan/03 EIA Refinery Crude Runs Change	0.045M		0.041M
10:30AM	Jan/03 EIA Gasoline Stocks Change	6.33M	1.5M	7.717M
10:30AM	Jan/03 EIA Heating Oil Stocks Change	-0.632M		-0.416M
10:30AM	Jan/03 EIA Cushing Crude Oil Stocks Change	-2.502M		-0.142M
10:30AM	Jan/03 EIA Gasoline Production Change	-0.081M		-0.959M
10:30AM	Jan/03 EIA Distillate Fuel Production Change	-0.167M		0.099M
10:30AM	Jan/03 EIA Distillate Stocks Change	6.071M	1M	6.406M
10:30AM	Jan/03 EIA Crude Oil Imports Change	0.278M		0.323M
10:30AM	Jan/03 Crude Oil Inventory (ml)	-0.959M	-0.6M	-1.178M
11:30AM	17-Week Bill Auction (%)	4.190%		4.195%
12:00PM	Jan/03 Nat gas-EIA, change bcf	-40Bcf	-51Bcf	-116Bcf
1:00PM	30-Yr Bond Auction (bl) ☆	22		
1:00PM	30-Year Bond Auction ☆	4.913%		4.535%
2:00PM	FOMC Minutes ★★			
3:00PM	Nov Consumer credit (bl)	\$-7.49B	\$10.5B	\$19.24B








Recent Housing News

- Home Prices Remain The Housing Market's Biggest Mixed Blessing
- Mortgage Application Activity Evaporates as Data Catches Up With Rates
- Pending Home Sales at Highest Level in Almost 2 Years

Mortgage Rates' Holiday Break Ends With Next Week's Economic Data

Even as most of the world has spent the past two days thinking or saying "I can't believe it's 2025 already," mortgage rates won't get back from vacation until next week. They managed to make it through the entire holiday season without any major drama. That was in sharp contrast to the preceding month which saw a decent drop heading into early December and a sharp spike that accelerated aft...

Mortgage Calculators

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