

MARKET SUMMARY

Complete Recap of Today's Market Activity

If You Needed Proof That Inflation Data is Back in Fashion...

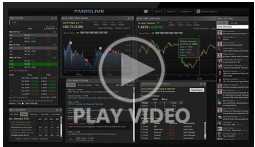
Market Summary: Wednesday, January 15, 2025 - 12:09PM

On December 18th, one of the most striking takeaways from Fed Chair Powell's press conference was the shift in the Fed's focus from the labor market to inflation data. Said shift was frequently reinforced in subsequent speeches by other Fed members. Traders were left to decide how much they would shift their own playbooks--something that was especially difficult after last week's big jobs report. Today's CPI was arguably less of a departure from forecasts than the jobs report, but the market reaction has been much more pronounced (in a good way).

Market Movement Recap

09:11 AM stronger overnight with additional gains after CPI data. MBS up half a point and 10yr down 12.3bps at 4.678

Latest Video Analysis



Why Does it Feel Like Bonds Can't Win?



Paul E Smith

Owner, Main Street
Mortgage Company

www.texasmainstreet.com

P: (713) 528-1245

M: (713) 480-7385

3100 Richmond Ave
Houston TX 77098

MSMC NMLS 296814

Paul E Smith NMLS 193580

MAIN STREET
MORTGAGE COMPANY

UMBS 6.0	100.19	+0.58	10YR	4.653%	-0.149%	1/15/2025 5:09PM EST
----------	--------	-------	------	--------	---------	----------------------

If You Needed Proof That Inflation Data is Back in Fashion...

On December 18th, one of the most striking takeaways from Fed Chair Powell's press conference was the shift in the Fed's focus from the labor market to inflation data. Said shift was frequently reinforced in subsequent speeches by other Fed members. Traders were left to decide how much they would shift their own playbooks--something that was especially difficult after last week's big jobs report. Today's CPI was arguably less of a departure from forecasts than the jobs report, but the market reaction has been much more pronounced (in a good way).

By focusing solely on 10yr yields, the reaction is just a bit overstated, relative to the jobs report. If we bring 2yr Treasuries into the mix, we can see that some of the discrepancy is due to curve trading. The jobs report did more to push short term rates higher whereas the inflation data is doing more to help longer-term rates move lower.

This isn't as simple as 2yr yields having more in common with Fed rate expectations. Fed Funds Futures have sort of split the difference, with roughly equal reactions to each piece of data.

UPDATE: Much Stronger After CPI Comes in Soft

MBS MORNING: Why Isn't PPI Helping Bonds This Morning?

Today's Mortgage Rates

30YR Fixed	7.13%	-0.12%	15YR Fixed	6.52%	-0.06%	1/15/2025
------------	-------	--------	------------	-------	--------	-----------

Mortgage Rates Make a Modest Recovery Ahead of Important Inflation Data

officially hit the highest levels since May 2024 yesterday, even though the average was almost imperceptibly higher than last Friday's. We saw a similarly small move today, but in the opposite direction.

In other words, the average rate moved lower by an amount that won't even have an impact on many of yesterday's rate quotes. As always, keep in mind that our rate index is an average of multiple lenders and on days with very small changes, some lenders can be noticeably better or worse compared to the previous day.

This morning's economic data featured the Producer Price Index (PPI)--a report that measures inflation at the wholesale level. It came in at lower levels than expected. That would normally be good for rates, but it didn't have much of an impact today.

Tomorrow's inflation report--the Consumer Price Index (CPI)--is in a different league. If it undershoots forecasts by the same margin, rates would almost certainly move lower. Conversely, rates would almost certainly rise if inflation overshoots forecasts.

There's no guarantee of rate-friendly data tomorrow simply because today's inflation report was lower than expected. CPI frequently departs from PPI on any given month, even though the two tend to do the same things over longer time horizons.

Time	Event	Actual	Forecast	Prior
Wednesday, Jan 15				
12:00AM	Roll Date - UMBS 15YR, Ginnie Mae 15YR			
7:00AM	Jan/10 MBA Purchase Index	162		127.7000
7:00AM	Jan/10 MBA Mortgage Applications	33.3%		-3.7%
7:00AM	Jan/10 Mortgage Market Index	224.4		168.4
7:00AM	Jan/10 MBA Refi Index	575.6		401.1000
7:00AM	Jan/10 MBA 30-yr mortgage rate (%)	7.09%		6.99%
8:30AM	Dec CPI index, nsa	315.61	315.61	315.49
8:30AM	Dec m/m Headline CPI (%) ★	0.4%	0.3%	0.3%
8:30AM	Dec m/m CORE CPI (%) ★★	0.2%	0.2%	0.3%
8:30AM	Dec y/y Headline CPI (%) ☆	2.9%	2.9%	2.7%
8:30AM	Dec y/y CORE CPI (%) ★★	3.2%	3.3%	3.3%
8:30AM	Jan NY Fed Manufacturing ☆	-12.60	3	0.20
8:30AM	Dec Core CPI index, sa	317.685		316.441
9:20AM	Fed Barkin Speech ☆			
10:00AM	Fed Kashkari Speech ☆			
10:30AM	Jan/10 EIA Gasoline Stocks Change	5.852M	2.60M	6.33M
10:30AM	Jan/10 EIA Distillate Fuel Production Change	-0.021M		-0.167M
10:30AM	Jan/10 EIA Refinery Crude Runs Change	-0.255M		0.045M
10:30AM	Jan/10 EIA Cushing Crude Oil Stocks Change	0.765M		-2.502M
10:30AM	Jan/10 Crude Oil Inventory (ml)	-1.961M	-1.6M	-0.959M
10:30AM	Jan/10 EIA Distillate Stocks Change	3.077M	1.1M	6.071M
10:30AM	Jan/10 EIA Heating Oil Stocks Change	0.646M		-0.632M
10:30AM	Jan/10 EIA Gasoline Production Change	0.397M		-0.081M
10:30AM	Jan/10 EIA Crude Oil Imports Change	-1.304M		0.278M
11:00AM	Fed Williams Speech ☆			
11:30AM	17-Week Bill Auction (%)	4.210%		4.190%
12:00PM	Fed Golsbee Speech ☆			
12:00PM	NOPA Crush Report (%)			
2:00PM	Fed Beige Book			
Thursday, Jan 16				
8:30AM	Dec Export prices mm (%)		0.2%	0%
8:30AM	Dec Export Prices YoY			0.8%

Time	Event	Actual	Forecast	Prior
8:30AM	Jan/04 Continued Claims (ml)		1870K	1867K
8:30AM	Dec Import prices mm (%)		0.1%	0.1%
8:30AM	Dec Import Prices YoY			1.3%
8:30AM	Jan/11 Jobless Claims (k) ★		210K	201K
8:30AM	Jan Philly Fed Business Conditions			30.7
8:30AM	Jan/11 Jobless claims 4-wk avg (k)			213K
8:30AM	Jan Philly Fed Prices Paid			31.2
8:30AM	Jan Philly Fed New Orders			-4.3
8:30AM	Jan Philly Fed CAPEX Index			18.8
8:30AM	Jan Philly Fed Business Index ☆		-5	-16.4
8:30AM	Dec Retail Sales (ex-autos) (%)		0.4%	0.2%
8:30AM	Dec Retail Sales Ex Gas/Autos MoM			0.2%
8:30AM	Dec Retail Sales YoY			3.8%
8:30AM	Jan Philly Fed Employment			6.6
8:30AM	Dec Retail Sales (%) ★		0.6%	0.7%
10:00AM	Nov Retail Inventories Ex Autos MoM Adv		0.6%	0.1%
10:00AM	Nov Business Inventories (%) ☆		0.1%	0.1%
10:00AM	Jan NAHB housing market indx ☆		45	46
10:30AM	Jan/10 Nat gas-EIA, change bcf		-260Bcf	-40Bcf
11:30AM	4-Week Bill Auction			4.245%
11:30AM	8-Week Bill Auction			4.240%
12:00PM	Jan/16 15-Year Mortgage Rate			6.14%
12:00PM	Jan/16 30-Year Mortgage Rate			9.93%
4:30PM	Jan/15 Central Bank Balance Sheet			\$6.85T

Recent Housing News








- Mortgage Applications Don't Have Much to Lose
- Home Prices Remain The Housing Market's Biggest Mixed Blessing
- Mortgage Application Activity Evaporates as Data Catches Up With Rates

Read My Latest Newsletter

Highest Mortgage Rates in 7 Months After Upbeat Jobs Report

Mortgage rates weren't having a great week in the first place. As of Wednesday, the average lender was already up to the highest levels since June 2024. But up until that point, there hadn't been too much volatility. The rising rate trend kicked into higher gear after Friday morning's jobs report. Officially known as The Employment Situation, the jobs repo...

Mortgage Calculators

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