

MARKET SUMMARY

Complete Recap of Today's Market Activity

Bonds Calmly Hold Overnight Gains

Market Summary: Tuesday, January 21, 2025 - 10:49PM

This morning's commentary focused on a bond rally in response to an absence of heavy-handed specificity in Trump's initial salvo of executive orders--specifically with respect to trade policy. In not so many words, massive, immediate tariffs have been referred to agencies for research and comment. Bonds (via futures) rallied on the news yesterday and into the overnight session. Without any new sources of inspiration today, the overnight gains remained intact and volatility was generally absent.

Latest Video Analysis



Bonds Calmly Hold Overnight Gains



Jason Wood

Mortgage Advisor & VA
Loan Specialist, VA Loan
Guy

www.valoanguyusa.com

P: (760) 350-3989

M: (760) 217-0820

2714 Loker Ave. W.
Carlsbad CA 92010____
317293

VA Loan Guy[®]



UMBS 5.5 98.59 +0.02 | 10YR 4.561% -0.017% 1/22/2025 3:49AM EST

Bonds Open Stronger Thanks to Tariff Uncertainty

Trump issued numerous executive orders on Monday, but conspicuously absent was any specific directive regarding tariffs. This was one of the key areas of focus for financial markets. While there are few different ways it could be traded, one of the simplest was from an inflation standpoint. With specifics TBD, bonds breathed a modest sigh of relief on inflation implications. There was an immediate reaction at 8:30am yesterday (in futures) following WSJ's reporting on the tariff delay. There's been some volatility in the interim, but bonds have managed to improve a bit more since then.

ALERT: MBS Down to New Lows in Late Trading

ALERT: Down Almost a Quarter Point From AM Highs

Today's Mortgage Rates

30YR Fixed 7.08% +0.00% | 15YR Fixed 6.51% +0.01% 1/21/2025

Mortgage Rates Unimpacted by New Executive Orders

are driven predominantly by the bond market and bonds were able to clear up a few curiosities on inauguration day. Specifically, traders expected multiple executive orders with several focusing on proposed tariffs.

While history suggests the conventional wisdom may be faulty, the general belief is that tariffs increase inflation. Considering inflation correlates with higher rates, there was some relief in rates when the executive orders concerning tariffs turned out to be less aggressive than expected. In not so many words, the president ordered various agencies to assess trade agreements/deficits and recommend measures to address them, such as tariffs.

Bonds were thus able to hold onto the gains from last week with some additional improvement today. The average mortgage lender wasn't eager to adjust rates, however, with the top tier 30yr fixed rate remaining unchanged from last Friday.

Time	Event	Actual	Forecast	Prior
Tuesday, Jan 21				
11:30AM	26-Week Bill Auction (bl)	84		
11:30AM	3-Month Bill Auction	4.215%		4.225%
11:30AM	6-Month Bill Auction	4.165%		4.180%
11:30AM	26-Week Bill Auction (bl)	72		
1:00PM	26-Week Bill Auction (bl)	85		
1:00PM	52-Week Bill Auction	4.025%		4.070%
1:00PM	52-Week Bill Auction (bl)	48		
1:00PM	42-Day Bill Auction (%)	4.250%		4.210%
Wednesday, Jan 22				
7:00AM	Jan/17 Mortgage Market Index			224.4
7:00AM	Jan/17 MBA Refi Index			575.6
7:00AM	Jan/17 MBA Mortgage Applications			33.3%
7:00AM	Jan/17 MBA 30-yr mortgage rate (%)			7.09%
7:00AM	Jan/17 MBA Purchase Index			162
8:55AM	Jan/18 Redbook yy (%)			4%
10:00AM	Dec CB Leading Index MoM (%)		0%	0.3%
11:30AM	17-Week Bill Auction (%)			4.210%
1:00PM	20-Yr Bond Auction (bl) ★	13		
1:00PM	20-Year Bond Auction			4.686%
4:30PM	Jan/17 API weekly crude stocks (ml)			-2.6M

Recent Housing News

- Homebuilder Confidence Consolidation Continues
- Housing Construction Bounced Back in December Thanks to Multifamily Sector
- Mortgage Applications Improved Even as Rates Moved Higher

Read My Latest Newsletter

Rates Recover After Tame Inflation Data

Last week's big to-do was the jobs report, which sent rates sharply higher. This week's inflation data had a chance to add fuel to that fire or put it out. The inflation report in question was the Consumer Price Index (CPI). In addition to being one of the two most important monthly economic reports, it also turned out to be quite the little firefighter this time around. The following chart ...

Mortgage Calculators

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