

# MARKET SUMMARY

Complete Recap of Today's Market Activity

## Bonds Calmly Hold Overnight Gains

Market Summary: Wednesday, January 22, 2025 - 10:41AM

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.

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### Latest Video Analysis



Bonds Calmly Hold Overnight Gains

### MBS & Treasury Markets

|          |       |       |      |        |         |                      |
|----------|-------|-------|------|--------|---------|----------------------|
| UMBS 5.5 | 98.51 | -0.06 | 10YR | 4.599% | +0.021% | 1/22/2025 3:41PM 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 6.50% -0.01% 1/22/2025

### 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   |
|--------------------------|--|--------|----------|---------|
| <b>Wednesday, Jan 22</b> |  |        |          |         |
| 7:00AM                   | Jan/17 Mortgage Market Index                 | 224.6  |          | 224.4   |
| 7:00AM                   | Jan/17 MBA Refi Index                        | 558.8  |          | 575.6   |
| 7:00AM                   | Jan/17 MBA Mortgage Applications             | 0.1%   |          | 33.3%   |
| 7:00AM                   | Jan/17 MBA 30-yr mortgage rate (%)           | 7.02%  |          | 7.09%   |
| 7:00AM                   | Jan/17 MBA Purchase Index                    | 163.0  |          | 162.0   |
| 8:55AM                   | Jan/18 Redbook yy (%)                        | 4.5%   |          | 4%      |
| 10:00AM                  | Dec CB Leading Index MoM (%)                 | -0.1%  | 0%       | 0.3%    |
| 11:30AM                  | 17-Week Bill Auction (%)                     | 4.205% |          | 4.210%  |
| 1:00PM                   | 20-Yr Bond Auction (bl)                      | 13     |          |         |
| 1:00PM                   | 20-Year Bond Auction                         | 4.900% |          | 4.686%  |
| 4:30PM                   | Jan/17 API weekly crude stocks (ml)          |        |          | -2.6M   |
| <b>Thursday, Jan 23</b>  |  |        |          |         |
| 8:30AM                   | Jan/18 Jobless claims 4-wk avg (k)           |        |          | 212.75K |
| 8:30AM                   | Jan/18 Jobless Claims (k) ★                  |        | 220K     | 217K    |
| 8:30AM                   | Jan/11 Continued Claims (ml)                 |        | 1860K    | 1859K   |
| 10:30AM                  | Jan/17 Nat gas-EIA, change bcf               |        |          | -258Bcf |
| 11:00AM                  | Jan/17 EIA Refinery Crude Runs Change        |        |          | -0.255M |
| 11:00AM                  | Jan/17 EIA Crude Oil Imports Change          |        |          | -1.304M |
| 11:00AM                  | Jan/17 Crude Oil Inventory (ml)              |        |          | -1.961M |
| 11:00AM                  | Jan/17 EIA Distillate Fuel Production Change |        |          | -0.021M |
| 11:00AM                  | Jan/17 EIA Distillate Stocks Change          |        |          | 3.077M  |
| 11:00AM                  | Jan/17 EIA Gasoline Production Change        |        |          | 0.397M  |
| 11:00AM                  | Jan/17 EIA Cushing Crude Oil Stocks Change   |        |          | 0.765M  |
| 11:00AM                  | Jan/17 EIA Gasoline Stocks Change            |        |          | 5.852M  |
| 11:00AM                  | Jan/17 EIA Heating Oil Stocks Change         |        |          | 0.646M  |
| 11:30AM                  | 4-Week Bill Auction                          |        |          | 4.240%  |
| 11:30AM                  | 8-Week Bill Auction                          |        |          | 4.235%  |
| 12:00PM                  | Jan/23 15-Year Mortgage Rate                 |        |          | 6.27%   |
| 12:00PM                  | Jan/23 30-Year Mortgage Rate                 |        |          | 7.04%   |
| 1:00PM                   | 10-Year TIPS Auction                         |        |          | 2.071%  |
| 1:00PM                   | 10-yr Note Auction (bl) ★                    |        | 20       |         |
| 4:30PM                   | Jan/22 Central Bank Balance Sheet            |        |          | \$6.83T |

## 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

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## 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