

MARKET SUMMARY

Complete Recap of Today's Market Activity

Not Expecting Fireworks From The Fed

Market Summary: Tuesday, January 28, 2025 - 7:15PM

Bonds had a mixed reaction to this morning's Durable Goods data with stronger internals offsetting a weaker headline. Sellers were in control for most of the AM hours, but momentum shifted with the 7yr Treasury auction. All in all, it was a solid showing in spite of the rebound in equities markets (something we only care about today because it was a huge consideration yesterday). Looking ahead, tomorrow's only notable agenda item is the Powell press conference at 2:30pm. The announcement itself can't really offer any tradeable news. Even Powell would be hard pressed to shake things up too much considering the mildly positive cue from inflation data and the ongoing policy uncertainty as a counterbalance. That said, one can never truly rule out a volatile reaction to a Powell presser, but the odds are certainly lower this time around.



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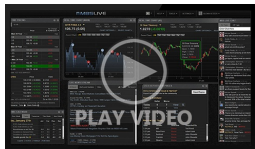
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Not Expecting Fireworks From The Fed

MBS & Treasury Markets

UMBS 5.5 98.90 +0.03 | 10YR 4.540% +0.006% 1/29/2025 5:00PM EST

Stronger Internals Offset Weaker Durable Goods Headline

Bonds were weaker overnight as markets calmed down a bit after yesterday's DeepSeek frenzy. The 8:20am CME open brought in just a bit of buying, but there's been better selling since the 8:30am Durable Goods data. The -2.2 vs 0.8 f'cast might look like a good outcome for bonds at first glance, but Durable Goods is a notoriously volatile report at the headline level due to major expenditures in certain sectors. That's why there's a separate component line item for "non-defense capital goods orders, excluding aircraft." Think of it like "core" durable goods. Bottom line, the core is offsetting the headline, and causing bonds to move back to the weaker opening levels.

MBS MORNING: Big Bond Rally as Investors Dump AI Stocks

UPDATE: Head's Up: Still Stronger, But Down an Eighth From Highs

Today's Mortgage Rates

30YR Fixed 7.06% -0.01% 15YR Fixed 6.48% -0.01% 1/29/2025

Mortgage Rates Little Changed Ahead of Fed Meeting

The average mortgage lender remained right in line with yesterday's levels despite a bit of weakness in the bond market. Lenders who improved their rates yesterday afternoon were slightly higher. Others were slightly lower.

This is a solid outcome considering the market motivations over the past 2 days. Specifically, rates moved in concert with stocks yesterday as NVDA led a substantial sell-off. Stocks bounced back today, and have now recovered most of the damage from yesterday morning. Rates, meanwhile, haven't followed the correction today.

The 2nd half of the week bring a higher concentration of calendar events with the potential to influence rates. At 2pm ET, the Federal Reserve releases its latest rate announcement. There is effectively no chance of a rate change at this meeting, nor is it likely the Fed would change much about the statement itself.

That leaves Powell's 2:30pm press conference as the sole source of potential volatility in the afternoon. On that note, this is one of those Fed meetings where it wouldn't be a surprise to see a minimal reaction even though one should never rule out a bigger reaction on a Fed day.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Tuesday, Jan 28				
8:30AM	Dec Durables ex-transport (%)	0.3%	0.4%	-0.1%
8:30AM	Dec Durables ex-defense mm (%)	-2.4%		-0.3%
8:30AM	Dec Core CapEx (%) ☆	0.5%	0.3%	0.7%
8:30AM	Dec Durable goods (%) ☆	-2.2%	0.6%	-1.1%
8:55AM	Jan/25 Redbook yy (%)	4.9%		4.5%
9:00AM	Nov FHFA Home Prices y/y (%) ☆	4.2%		4.5%
9:00AM	Nov FHFA Home Price Index m/m (%)	0.3%	0.2%	0.4%
9:00AM	Nov House Price Index	433.4		432.3
9:00AM	Nov CaseShiller 20 mm nsa (%)	-0.1%		-0.2%
9:00AM	Nov Case Shiller Home Prices-20 y/y (%) ☆	4.3%	4.3%	4.2%
10:00AM	Jan CB Consumer Confidence (%) ☆	104.1	105.6	104.7
10:00AM	Jan Rich Fed comp. index	-4	-8	-10
10:00AM	Jan Rich Fed manuf shipments	-9		-11
10:00AM	Jan Rich Fed, services index	4		23
10:30AM	Jan Dallas Fed Services Index	7.4		9.6
10:30AM	Jan Dallas Fed Services Revenues Index	5.7		13.8

Time	Event	Actual	Forecast	Prior
11:30AM	26-Week Bill Auction (bl)	85		
11:30AM	2-Year FRN Auction (%)	0.098%		0.140%
11:30AM	42-Day Bill Auction (%)	4.260%		4.250%
11:30AM	2-Yr Note Auction (bl)	30		
1:00PM	7-Year Note Auction	4.457%		4.532%
1:00PM	Dec Money Supply	\$21.53T		\$21.45T
1:00PM	7-Yr Note Auction (bl) ★	44		
4:30PM	Jan/24 API weekly crude stocks (ml)	2.86M	3.7M	1M
Wednesday, Jan 29				
7:00AM	Jan/24 MBA Mortgage Applications	-2%		0.1%
7:00AM	Jan/24 MBA 30-yr mortgage rate (%)	7.02%		7.02%
7:00AM	Jan/24 MBA Purchase Index	162.4		163
7:00AM	Jan/24 MBA Refi Index	520.9		558.8
7:00AM	Jan/24 Mortgage Market Index	220.0		224.6
8:30AM	Dec Retail Inventories Ex Autos MoM Adv	0.2%		0.5%
8:30AM	Dec Wholesale inventories mm (%) ☆	-0.5%	0.2%	-0.2%
8:30AM	Dec Goods Trade Balance Adv	\$-122.11B	\$-105.4B	\$-102.86B
10:30AM	Jan/24 EIA Gasoline Stocks Change	2.957M	1.5M	2.332M
10:30AM	Jan/24 EIA Gasoline Production Change	-0.044M		-0.043M
10:30AM	Jan/24 EIA Distillate Fuel Production Change	0.028M		-0.473M
10:30AM	Jan/24 EIA Distillate Stocks Change	-4.994M	-2.1M	-3.07M
10:30AM	Jan/24 EIA Cushing Crude Oil Stocks Change	0.326M		-0.148M
10:30AM	Jan/24 Crude Oil Inventory (ml)	3.463M	3.2M	-1.017M
10:30AM	Jan/24 EIA Crude Oil Imports Change	0.532M		0.184M
10:30AM	Jan/24 EIA Heating Oil Stocks Change	0.128M		0.068M
10:30AM	Jan/24 EIA Refinery Crude Runs Change	-0.333M		-1.125M
11:30AM	17-Week Bill Auction (%)	4.190%		4.205%
2:00PM	Fed Interest Rate Decision ★★	4.5%	4.5%	4.5%
2:30PM	Fed Press Conference ★★			
2:30PM	Powell Press Conference ★★			








Recent Housing News

- Home Price Appreciation Ran Just Above Expectations in November
- Existing Home Sales Inch Up to Highest Levels Since February
- Highest Purchase Applications in a Year? Technically, Yes

Can Trump Actually Force Rates to Move Lower?

It turned out to be an intensely boring week for mortgage rates. The average lender stayed right in line with last week until moving slightly higher on Thursday and slightly lower on Friday. This isn't too much of a surprise. Rates are driven by bonds and bonds are most easily influenced by major economic reports--something in extremely short supply this week. Next week bri...

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