

# MARKET SUMMARY

Complete Recap of Today's Market Activity

## Uneventful Fed Day, Bonds Eventually Agree

Market Summary: Thursday, January 30, 2025 - 10:02AM

There's never a way to know with certainty that a Fed announcement will be uneventful, but if we had to assign relative probabilities, today's looked much more likely than normal to pass without a trace. In the immediate wake of the announcement, that didn't look like it was going to happen. Bonds sold quickly due to what seemed to be a notable verbiage change. Then in the press conference, Powell clarified the verbiage change and bonds unwound their initial reaction. MBS and Treasuries thus ended the day perfectly in line with pre-Fed levels, like it never even happened.

### Market Movement Recap

08:41 AM Slightly weaker after data but still in positive territory. MBS up 2 ticks (.06) and 10yr down 2.7bps at 4.513

### Latest Video Analysis



Uneventful Fed Day, Bonds Eventually Agree



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UMBS 5.5 98.95 +0.02 | 10YR 4.516% -0.024% 1/30/2025 3:02PM EST

### Overnight Gains Cooling a Bit After Data

- GDP Q4
  - 2.3 vs 2.6 f'cast, 3.1 prev
- PCE prices
  - 2.5 vs 2.5 f'cast
- Jobless Claims
  - 207k vs 220k f'cast, 223k prev

To be fair, the overnight gains were already meeting some resistance at 740am ET, but there's been another microscopic bounce after the 8:30am data. Why would that be the case considering the weaker GDP reading?

2 reasons:

1. Jobless Claims data continues to suggest an absence of concern over the labor market.
2. Many traders felt the GDP consensus should have been a bit lower than it was due to importers rushing to beat tariffs.

10yr yields were nearly down to 4.47 before the data and are now up to 4.51 (still 3bps lower on the day).

MBS are still up 3 ticks (.09) but down an eighth from highs.

**UPDATE:** Bonds Back to Pre-Fed Levels

**ALERT:** First Move After Fed Announcement is Weaker

30YR Fixed 7.05% -0.01%

15YR Fixed 6.47% -0.01%

1/30/2025

### Mortgage Rates Barely Budge After Fed Announcement

Heading into today's Fed announcement, we didn't expect to receive any significant surprise on the stance of monetary policy. Financial markets had long since ruled out the possibility of a rate cut and we knew Powell could only really acknowledge recent progress in inflation data while maintaining that more progress is needed for additional rate cuts. In not so many words, that's exactly what happened.

In so many words, there was a bit of back and forth in the underlying bond market between the 2pm policy statement and the 2:30pm press conference. A verbiage change in the statement caused bonds to lose ground. When bonds lose enough ground in the middle of the day, mortgage lenders can increase rates (in mortgage market jargon, a "negative reprice").

Then in the press conference, Fed Chair Powell clarified the verbiage change such that the market was able to move right back to pre-Fed levels. With that, lenders who hadn't already repriced were thus able to keep the AM rates intact. Only a small handful ended up repricing and as of this writing, a few of them have repriced in the other direction.

All told, the average lender remains right in line with yesterday's latest levels with top tier conventional 30yr fixed rates just over 7%.

Time	Event	Actual	Forecast	Prior
<b>Thursday, Jan 30</b>				
8:30AM	Q4 GDP Final Sales (%)	3.2%		3.3%
8:30AM	Q4 GDP deflator (%)	2.2%	2.5%	1.9%
8:30AM	Q4 GDP (%) ★	2.3%	2.6%	3.1%
8:30AM	Jan/25 Jobless claims 4-wk avg (k)	212.5K		213.5K
8:30AM	Q4 Real Consumer Spending QoQ Final	4.2%		3.7%
8:30AM	Q4 PCE Prices QoQ Final	2.3%		1.5%
8:30AM	Jan/25 Jobless Claims (k) ★	207K	220K	223K
8:30AM	Q4 Core PCE Prices QoQ Final ☆	2.5%	2.5%	2.2%
8:30AM	Jan/18 Continued Claims (ml)	1858K	1890K	1899K
10:00AM	Dec Pending Home Sales YoY	-5.0%		6.9%
10:00AM	Dec Pending Home Sales (%) ☆	-5.5%	0%	2.2%
10:30AM	Jan/24 Nat gas-EIA, change bcf	-321Bcf	-313Bcf	-233Bcf
11:30AM	4-Week Bill Auction	4.250%		4.265%
11:30AM	8-Week Bill Auction	4.240%		4.250%
12:00PM	Jan/30 15-Year Mortgage Rate	6.12%		6.16%
12:00PM	Jan/30 30-Year Mortgage Rate	6.95%		6.96%
4:30PM	Jan/29 Central Bank Balance Sheet	\$6.82T		\$6.83T
<b>Friday, Jan 31</b>				
8:30AM	Dec Core PCE Inflation (y/y) (%) ★		2.8%	2.8%
8:30AM	Dec Core PCE (m/m) (%) ★★		0.2%	0.1%
8:30AM	Q4 Employment Benefits qq (%)			0.8%
8:30AM	Q4 Employment costs (%) ★★		0.9%	0.8%
8:30AM	Dec Personal Income (%)		0.4%	0.3%
8:30AM	Q4 Employment Wages qq (%)			0.8%
8:30AM	Dec Inflation-Adjusted Spending (Consumption) (%)		0.5%	0.4%
8:30AM	Dec PCE (y/y) (%)		2.6%	2.4%
8:30AM	Dec PCE price index mm (%)		0.3%	0.1%
8:30AM	Fed Bowman Speech ☆			
9:45AM	Jan Chicago PMI ☆		40	36.9
1:00PM	Jan/31 Baker Hughes Oil Rig Count			472
1:00PM	Jan/31 Baker Hughes Total Rig Count			576

## 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

## Read My Latest Newsletter

### 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...

## Mortgage Calculators

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-  Loan Comparison
-  Advanced Loan Comparison
-  Early Payoff
-  Should I Refinance?
-  Rent vs. Buy
-  Blended Rate