

MARKET SUMMARY

Complete Recap of Today's Market Activity

Making Headway on ISM Data, and Lesser Supporting Actors

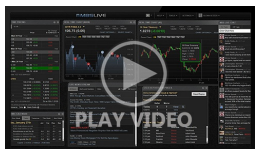
Market Summary: Wednesday, February 5, 2025 - 10:44AM

To say the very least, there are more moving pieces to consider at the moment when it comes to the narrative guiding volatility and momentum in the bond market. Tariff and policy-related headlines have been good for ebbs and flows in risk sentiment, but haven't necessarily accounted for a majority of the momentum. That said, an absence of a more onerous tariff roll-out has likely been worth some relief in bonds. On a more material note, today's Treasury refunding announcement confirmed the expected level of issuance this quarter--not groundbreaking news, but mildly reassuring at least. And then there's the fixture in the bond market movement game: economic data. Today's slate is limited to ADP employment and ISM Services when it comes to perennial market movers. ADP was forgettable, but ISM missed forecasts both at the headline level and in the inflation component. With that, bonds are off to a noticeably stronger start.

Market Movement Recap

08:27 AM MBS up just over an eighth of a point and 10yr down 5bps at 4.46

Latest Video Analysis



Bonds Rally Back to Prevailing Range



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UMBS 5.5 99.18 +0.28 | 10YR 4.427% -0.079% | 2/5/2025 10:43AM EST

Making Headway on ISM Data, and Lesser Supporting Actors

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These gains are potentially more important than gains at another random level as they help make a case for pivot down below the 4.50 mark.

UPDATE: No Major Reaction to ADP Data

MBS MORNING: Recovering Overnight Losses With Help From JOLTS and in Spite of Oil Price Bounce

Today's Mortgage Rates

30YR Fixed 6.99% -0.06% | 15YR Fixed 6.37% -0.08% | 2/5/2025

Mortgage Rates Score Another Victory Against Excitement

If you like your mortgage rate movement boring and minimal, this week's for you (and last week, and the week before that). Going all the way back to January 17th, the average lender hasn't changed their top tier 30yr fixed rate quote by more than 0.05%, and has been operating in an overall range of 0.07%.

To get an idea of how narrow that is, a typical highly volatile day involves rates moving by more than .12%. In stark contrast, the average rate hasn't changed by even 0.01% since last Thursday.

This stability isn't for lack of apparent inspiration for volatility. Clearly, there are plenty of political developments in the first month of any new presidential administration. Those developments have indeed translated to small scale, in-range volatility in the markets that determine , but they've largely canceled each other out, or been canceled out by other events.

Despite the calm, we wouldn't advocate a complacent attitude looking forward. Rates can still be impacted by economic data and the next 6 business days bring the heaviest hitting reports of the month (chiefly Friday's jobs report and next Wednesday's Consumer Price Index).

Time	Event	Actual	Forecast	Prior
Wednesday, Feb 05				
7:00AM	Jan/31 MBA 30-yr mortgage rate (%)	6.97%		7.02%
7:00AM	Jan/31 MBA Refi Index	584.3		520.9
7:00AM	Jan/31 MBA Purchase Index	156.7		162.4
7:00AM	Jan/31 Mortgage Market Index	224.8		220.0
7:00AM	Jan/31 MBA Mortgage Applications	2.2%		-2%
8:15AM	Jan ADP jobs (k) ☆	183K	150K	122K
8:30AM	Treasury Refunding Announcement (%)			
8:30AM	Dec Trade Gap (bl)	\$-98.4B	\$-96.6B	\$-78.2B
8:30AM	Dec Exports	\$266.5B		\$273.4B
8:30AM	Dec Imports	\$364.9B		\$351.6B
9:00AM	Fed Barkin Speech ☆			
9:45AM	Jan S&P Global Services PMI ★★	52.9	52.8	56.8
9:45AM	Jan S&P Global Composite PMI ☆	52.7	52.4	55.4
10:00AM	Jan ISM N-Mfg PMI ★★	52.8	54.3	54.1
10:00AM	Jan ISM Biz Activity ★	54.5		58.2
10:00AM	Jan ISM Services Prices	60.4		64.4
10:00AM	Jan ISM Services Employment	52.3		51.4
10:00AM	Jan ISM Services New Orders	51.3		54.2
10:30AM	Jan/31 EIA Heating Oil Stocks Change	0.373M		0.128M
10:30AM	Jan/31 EIA Gasoline Production Change	-0.027M		-0.044M
10:30AM	Jan/31 EIA Gasoline Stocks Change	2.233M	1.2M	2.957M
10:30AM	Jan/31 EIA Crude Oil Imports Change	-0.178M		0.532M
10:30AM	Jan/31 EIA Distillate Fuel Production Change	-0.186M		0.028M
10:30AM	Jan/31 EIA Distillate Stocks Change	-5.471M	-1.5M	-4.994M
10:30AM	Jan/31 Crude Oil Inventory (ml)	8.664M	2.6M	3.463M
10:30AM	Jan/31 EIA Cushing Crude Oil Stocks Change	-0.034M		0.326M
10:30AM	Jan/31 EIA Refinery Crude Runs Change	0.16M		-0.333M
11:30AM	17-Week Bill Auction (%)	4.205%		4.190%
1:00PM	Fed Goolsbee Speech ☆			
3:00PM	Fed Bowman Speech ☆			
7:30PM	Fed Jefferson Speech ☆			
Thursday, Feb 06				
7:30AM	Jan Challenger layoffs (k)			38.792K
8:30AM	Q4 Nonfarm Productivity QoQ Final		1.4%	2.2%
8:30AM	Jan/25 Continued Claims (ml)		1870K	1858K

Time	Event	Actual	Forecast	Prior
8:30AM	Feb/01 Jobless Claims (k) ★		213K	207K
8:30AM	Q4 Unit Labour Costs QoQ Final		3.4%	0.8%
8:30AM	Feb/01 Jobless claims 4-wk avg (k)			212.5K
10:00AM	Jan Total Vehicle Sales (ml)			16.8M
10:30AM	Jan/31 Nat gas-EIA, change bcf		-167Bcf	-321Bcf
11:30AM	8-Week Bill Auction			4.240%
11:30AM	4-Week Bill Auction			4.250%
12:00PM	Feb/06 15-Year Mortgage Rate			6.12%
12:00PM	Feb/06 30-Year Mortgage Rate			6.95%
2:30PM	Fed Waller Speech ☆			
3:30PM	Fed Daly Speech ☆			
4:30PM	Feb/05 Central Bank Balance Sheet			\$6.82T

Recent Housing News

- Pending Home Sales Pull Back From Best Levels Since April 2023
- Home Price Appreciation Ran Just Above Expectations in November
- Existing Home Sales Inch Up to Highest Levels Since February

Read My Latest Newsletter

Bonds Brace For Tariff Impact, Just Like Last Time

Spoiler alert: no one really knows how tariffs are going to impact the market yet. Much is left to be decided, and the outcomes can vary depending on the details. Markets were certainly willing to react to tariff headlines this week with Thursday and Friday overshadowing Wednesday's Fed announcement. In general, both stocks and bonds are treating tariffs the same way they treat the Fed Funds Ra...

Mortgage Calculators

- 📊 Mortgage Payment w Amortization
- 📊 Loan Comparison
- 📊 Advanced Loan Comparison
- 📊 Early Payoff
- 📊 Should I Refinance?
- 📊 Rent vs. Buy
- 📊 Blended Rate