

MARKET SUMMARY

Complete Recap of Today's Market Activity

Making Headway on ISM Data, and Lesser Supporting Actors

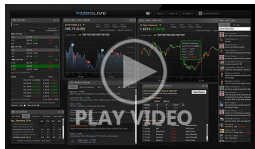
Market Summary: Wednesday, February 5, 2025 - 2:59PM

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
- 10:45 AM Gains continue after ISM data. MBS up 9 ticks (.28) and 10yr down 8bps at 4.425.
- 01:08 PM Calmly holding best levels of the day. MBS up 3/8ths and 10yr down almost 9 bps at 4.419

Latest Video Analysis



Super Solid Momentum For Multiple Reasons



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UMBS 5.5 98.83 -0.06 10YR 4.419% -0.087% 2/5/2025 2:58PM 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 Finally Make a Move (Lower)

The recent absence of volatility in day-to-day mortgage rate movement has been an easy target for light-hearted indignation among market watchers. But to be fair, if rates had been moving swiftly higher/lower/both, most market watchers would wish for some sideways stability.

In fact, for most prospective borrowers as well as mortgage professionals, the only thing better than sideways stability is a healthy drop to lower levels. Now, after a week of utter flatness, we finally have such a drop.

Rates are determined by trading levels in the bond market and bonds can be influenced by many factors. One of the most reliable is the periodic release of various economic reports. Today's key data showed less strength than expected in the services sector. In general, when an important economic metric is weaker than expected, it pushes rates lower, and vice versa.

Today was no exception, but bonds had already improved even before the data came out. Connecting the dots of causality on that additional movement requires a bit more speculation, but some would say it has to do with perceived economic headwinds associated with new fiscal policies. Conversely, others would say it's due to the delayed timeline of implementation for those same policies.

Either way, the net effect is always measurable because we can always take inventory of multiple mortgage lenders' rate offerings. In doing so today, we find the top tier conventional 30yr fixed rate back below 7% for the first time since December 17th, even if only be a mere 0.01%.

Economic Calendar

Last Week | This Week | Next Week

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

Time	Event	Actual	Forecast	Prior
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
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

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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

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