

MARKET SUMMARY

Complete Recap of Today's Market Activity

Paradoxical Rally Gets Logical After Retail Sales

Market Summary: Sunday, February 16, 2025 - 9:36AM

If yesterday's PPI-driven rally was a paradox, today's continuation was quite the opposite. While it's not the most reliable market mover among economic reports, Retail Sales can occasionally go big. Today was such an example. Including or excluding the auto sector, sales dropped at the fastest pace in just over year and missed forecasts by the widest margin in several years. That provided a clear mandate for bond traders to press the happy button, ultimately ushering yields to the lowest levels of the week.

Latest Video Analysis



Bond Rally Continues With Help From Retail Sales



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MBS & Treasury Markets

UMBS 5.5	99.03	+0.27	10YR	4.476%	-0.056%	2/14/2025 5:00PM EST
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Best Levels of The Week After Downbeat Data

What a difference the past two mornings have made for a bond market that was seemingly on the ropes on Wednesday. After yesterday's paradoxical (though, ultimately rational) rally in response to the PPI data, today's morning momentum came down to the Retail Sales report. Bonds were flat heading into the data, so it's not hard to imagine that things could have gone either way. As it happened, the data was exceptionally weak, and bonds have moved to the best levels of the week in response.

UPDATE: Bonds Rallying After Weak Retail Sales Data

MBS MORNING: Decent Start Despite Higher Annual Producer Prices

Today's Mortgage Rates

30YR Fixed 6.96% -0.08%

15YR Fixed 6.41% -0.07%

2/14/2025

Mortgage Rates Drop to Lowest Levels Since December 17th

The final two days of the present week weren't on many bingo cards as of Wednesday afternoon. At the time, rates were jumping higher in response to inflation data. That same morning, the Consumer Price Index (CPI) showed consumer inflation accelerating much faster than expected last month.

As we , the Producer Price Index (PPI) helped rates completely reverse Wednesday's jump because of its implications for lower PCE inflation (different than CPI/PPI, and also the Fed's favorite) in 2 weeks.

Now today, we have a more straightforward example of economic data helping rates with Retail Sales coming in MUCH lower than expected. All else equal, weaker data = lower rates and that was plain to see in this morning's market movement.

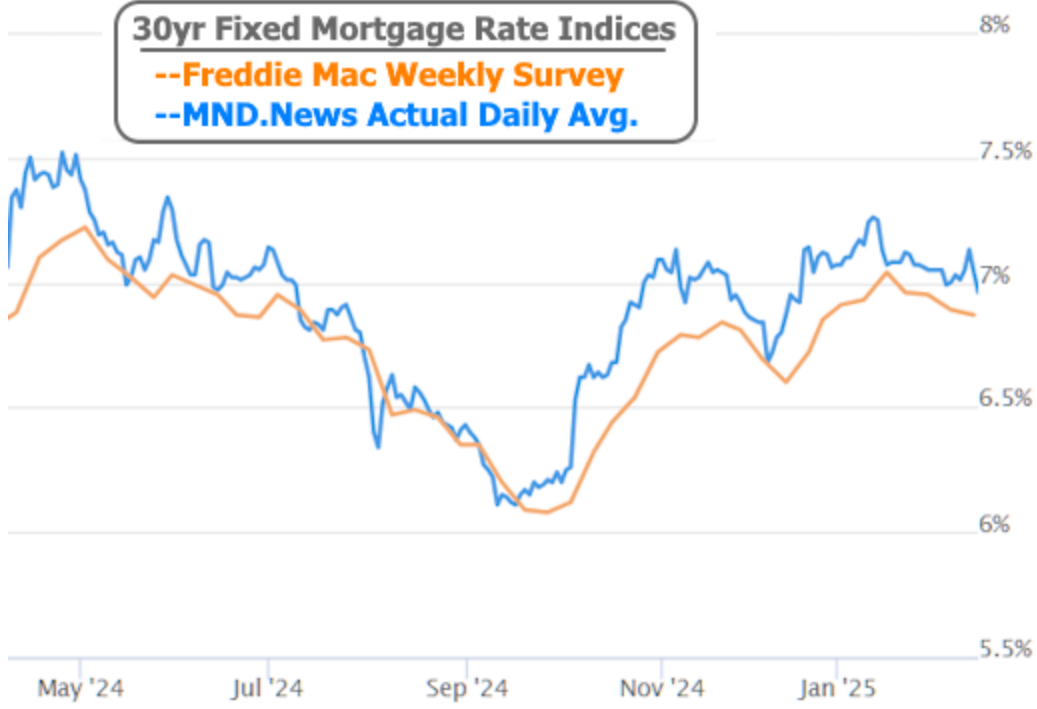


The net effect is a move to the lowest 30yr fixed rate index in nearly 2 months.

30yr Fixed Mortgage Rate Indices

--Freddie Mac Weekly Survey

--MND.News Actual Daily Avg.



Bond markets (and thus mortgage lenders' ability to publish new rates) will be closed on Monday for the holiday.

Time	Event	Actual	Forecast	Prior
Friday, Feb 14				
12:00AM	Roll Date - UMBS 15YR, Ginnie Mae 15YR			
8:30AM	Jan Export prices mm (%)	1.3%	0.3%	0.3%
8:30AM	Jan Import prices mm (%)	0.3%	0.4%	0.1%
8:30AM	Jan Export Prices YoY	2.7%		1.8%
8:30AM	Jan Retail Sales (%) ★	-0.9%	-0.1%	0.4%
8:30AM	Jan Import Prices YoY	1.9%		2.2%
8:30AM	Jan Retail Sales Ex Gas/Autos MoM	-0.5%		0.3%
8:30AM	Jan Retail Sales YoY	4.2%		3.9%
8:30AM	Jan Retail Sales (ex-autos) (%)	-0.4%	0.3%	0.4%
8:30AM	Jan Retail Sales Control Group MoM	-0.8%	0.3%	0.7%
9:15AM	Jan Industrial Production (%) ☆	0.5%	0.3%	0.9%
9:15AM	Jan Manufacturing Production YoY	1%		0%
9:15AM	Jan Industrial Production YoY	2%		0.5%
9:15AM	Jan Manufacturing Production MoM	-0.1%	0.1%	0.6%
9:15AM	Jan Capacity Utilization (%)	77.8%	77.7%	77.6%
10:00AM	Dec Business Inventories (%) ☆	-0.2%	0%	0.1%
10:00AM	Dec Retail Inventories Ex Autos MoM Adv	-0.1%	0.2%	0.4%
1:00PM	Feb/14 Baker Hughes Total Rig Count	588		586
1:00PM	Feb/14 Baker Hughes Oil Rig Count	481		480
3:00PM	Fed Logan Speech ☆			
Monday, Feb 17				
12:00AM	Presidents Day ★★			
9:30AM	Fed Harker Speech ☆			
10:20AM	Fed Bowman Speech ☆			
6:00PM	Fed Waller Speech ☆			








Recent Housing News

- Refi Demand at 3 Month High Thanks to Lower Rates
- Refinance Applications Tick Back Up as Rates Play Ball
- Pending Home Sales Pull Back From Best Levels Since April 2023

The Unlikely Story of Mortgage Rates Falling to 2 Month Lows Despite Higher Inflation

The final two days of the present week weren't on many bingo cards as of Wednesday afternoon. At the time, rates were jumping higher in response to inflation data. That same morning, the Consumer Price Index (CPI) showed consumer inflation accelerating much faster than expected last month. CPI is one of the most important economic reports as far as interest rates are concerned...

Mortgage Calculators

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