

MARKET SUMMARY

Complete Recap of Today's Market Activity

Uneventful Drift Ahead of Friday's Monthly PCE Data

Market Summary: Friday, March 28, 2025 - 1:26AM

For the 3rd day in a row, the bond market logged a rather uneventful trading session ending with minimal change versus the previous trading day. All this despite the presence of several economic reports and Treasury auctions. If there was any reaction to this morning's data, it was slightly bond-friendly, but not enough to say it was anything other than random. The 7yr auction was a non-event, and stocks failed to offer any of the recent sort of spillover that has frequently made its way into the bond market. From here, the week's last big chance/risk of volatility is Friday morning's monthly PCE data.

Latest Video Analysis



Uneventful Drift Ahead of Friday's Monthly PCE Data



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UMBS 5.5	99.80	+0.33	10YR	4.242%	-0.120%	3/28/2025 5:00PM EST
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This Isn't The PCE We're Looking For

If you're just joining us, here's a brief history of the last few decades as it concerns inflation and interest rates. Inflation was an overblown concern among market participants who were scarred by the early 80s. It consistently failed to matter or materialize until 1980s style hyperinflation came roaring back post-covid. Since then, inflation data is once again a top tier market mover and the PCE price index is the most important of the 3 main government price indices. But PCE is tricky for a few reasons. First off, the other two indices come out 2 weeks earlier and allow PCE to be more accurately predicted. Also tricky is a day like today where we have a PCE price index update as a part of the GDP report. This isn't the PCE you're looking for! It pertains to Q4, 2024. Tomorrow's PCE release is for the month of February, and that's the more timely/relevant installment of the data. Today's just finalizes revisions to December's PCE reading and thus finalizes the Q4 price index.

In other news of the same category (things we're not looking for), today's jobless claims data is also not the labor market weakness we're looking for. 2025 continues looking like the past 4 non-lockdown-affected years.

Bonds aren't upset though. There's even been a modest rally after the glut of AM data, but we're still slightly weaker vs yesterday.

-  **ALERT:** MBS at Lows. Negative Reprices Can't be Ruled Out
-  **MBS MORNING:** Yields Pushing Against 1 Month Highs

Today's Mortgage Rates

30YR Fixed	6.76%	-0.06%	15YR Fixed	6.15%	-0.09%	3/28/2025
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Mortgage Rates Steady to Slightly Higher

With the exception of Monday, which saw a medium-sized uptick in , the rest of the week has been fairly calm in terms of volatility. Unfortunately, the low-volatility movement has been exclusively higher in rate and it's starting to add up.

In fact, as of today, the top tier conventional 30yr fixed rate is at the highest level in just over a month. There was nothing special about today that led to that reality. It was just another day with minimal rate movement.

When considering something like "the highest rates in a month," low volatility is the silver lining. It means that there's really not much of a difference between the best and worst rate offerings of the past few weeks. A longer term chart makes it fairly easy to see what sharper movement would look like. It also highlights the narrowness of the recent range compared to the range over the past 7 months.

[thirtyyearmortgagerates]

Time	Event	Actual	Forecast	Prior
Friday, Mar 28				
8:30AM	Feb Core PCE (m/m) (%) ★★	0.4%	0.3%	0.3%
8:30AM	Feb Core PCE Inflation (y/y) (%) ★	2.8%	2.7%	2.6%
8:30AM	Feb Inflation-Adjusted Spending (Consumption) (%)	0.4%	0.5%	-0.2%
8:30AM	Feb PCE (y/y) (%)	2.5%	2.5%	2.5%
10:00AM	Mar U Mich conditions ☆	63.8	63.5	65.7
10:00AM	Mar Sentiment: 1y Inflation (%) ☆	5%	4.9%	4.3%
10:00AM	Mar Sentiment: 5y Inflation (%) ☆	4.1%	3.9%	3.5%
10:00AM	Mar Consumer Sentiment (ip) ☆	57.0	57.9	64.7
12:15PM	Fed Barr Speech ☆			
3:30PM	Fed Bostic Speech ☆			
Monday, Mar 31				
9:45AM	Mar Chicago PMI ☆	47.6	45.2	45.5
12:00PM	2025 Prospective Plantings - Corn	95.326M	94.35M	90.036M
12:00PM	2025 Prospective Plantings - Soy	83.495M	83.82M	86.51M
12:00PM	2025 Prospective Plantings - Wheat	45.35M	46.50M	47.498M

Recent Housing News

- Highest Existing Home Sales in a Year
- Refi Demand Remains Elevated, But Off Recent Highs
- Builders Broke More Ground Than Expected in February

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If The Fed Didn't Cut Rates This Week, Why Did Rates Fall?

Interest rates improved fairly steadily throughout the week with the biggest drop seen after Wednesday's Fed announcement. The Fed didn't cut rates, nor was any rational person expecting them to at this meeting. So why did rates move lower? First off, we have to specify the rates in question. The Fed only sets the Fed Funds Rate whereas mortgage rates (and most other rates) are determined...

Mortgage Calculators

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