

# MARKET SUMMARY

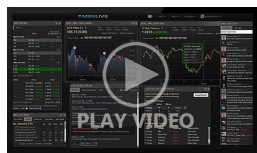
Complete Recap of Today's Market Activity

## Stronger Start as Tariffs Continue Driving Flight to Safety

Market Summary: Monday, March 31, 2025 - 1:28PM

Right out of the gate in the overnight session, stocks were weaker and bonds were stronger in a **risk-off** move that has become all too familiar for financial markets recently. Over the weekend, a fresh round of tariff headlines added more economic uncertainty to the mix with Trump mentioning reciprocal tariffs with "all countries" and WSJ reporting that an across-the-board 20% tariff is being considered. Stocks and bond yields are both rapidly re-approaching their lowest levels of this cycle.

### Latest Video Analysis



What's Up With The Big Bond Rally Despite Higher Inflation?

### MBS & Treasury Markets

UMBS 5.5	99.91	+0.10	10YR	4.208%	-0.027%	3/31/2025 5:00PM EST
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## Negative Reprices Becoming More Likely

MBS continue losing ground at roughly the same pace noted in the previous alert. This alert is just an amplification of the negative reprice risk. Several lenders have already pulled the trigger. More will likely follow.

MBS are down only 1 tick (.03) on the day, but nearly 6 ticks (.19) from rate sheet print times.

10yr yields are now up 0.7bps on the day at 4.242.

**ALERT:** MBS Down an Eighth From Rate Sheet Time Frame

**MBS MORNING:** Stronger Start as Tariffs Continue Driving Flight to Safety



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30YR Fixed 6.74% -0.02%

15YR Fixed 6.13% -0.02% 3/31/2025

### Mortgage Rates Move Lower Even Though They Weren't Supposed To

First thing's first before anyone gets too excited: yes, rates fell on Friday, but not significantly. The average lender is still a bit closer to the higher end of the recent range. In addition, the recent range is quite narrow with average top tier 30yr fixed rates never straying too far from 6.75 since late February.

What made today interesting was the fact that rates moved lower at all. As we often discuss, rates take lots of guidance from key economic reports such as this morning's PCE price index (a key inflation report). PCE arguably had more potential than any other economic data this week to cause a reaction in rates.

Conventional wisdom is clear on the reaction function: If inflation comes in higher than expected, rates are more likely to move up, all other things being equal. In today's case, rates dropped even though inflation rose. What's up with that?

One mitigating factor is the fact that the unrounded PCE numbers were much closer to what the market was expecting. In other words, inflation looked like it rose more than it actually did due to the custom of rounding the numbers to the nearest tenth of a percent.

Beyond that, it's also plain to see that the stock market fell significantly today--something that's recently been very likely to correlate with moving lower.

Last but not least, there are some advanced considerations that have to do with month and quarter end trading practices. A detailed explanation is beyond the scope of our coverage, but the gist is that month/quarter end can create rate movement in either direction without any motivation from economic data. With Monday being the last day of the month/quarter, we're certainly seeing some influence from this type of trading.

Time	Event	Actual	Forecast	Prior
<b>Monday, Mar 31</b>				
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
<b>Tuesday, Apr 01</b>				
9:45AM	Mar S&P Global Manuf. PMI ☆	50.2	49.8	52.7
10:00AM	Mar ISM Manufacturing Employment	44.7		47.6
10:00AM	Feb Construction spending (%)	0.7%	0.3%	-0.2%
10:00AM	Feb JOLTs Job Quits (ml) ☆	3.195M		3.266M
10:00AM	Mar ISM Mfg Prices Paid ★	69.4	65	62.4
10:00AM	Feb USA JOLTS Job Openings ★	7.568M	7.63M	7.74M
10:00AM	Mar ISM Manufacturing PMI ★★	49	49.5	50.3
10:40AM	Apr IBD economic optimism	49.1	50.1	49.8

## Recent Housing News

- Pending Home Sales Crack Half-Hearted Smile Amid Longer Term Depression
- Purchase Applications Improve; Refinancing Ebbs
- New Home Sales Should Come With a Warning

## Read My Latest Newsletter

## Inflation Told Rates to Rise. Rates Didn't Listen

Heading into the week, market watchers knew (or thought they knew) that Friday's PCE inflation data had a chance to help or hurt interest rates more than any other economic report. When PCE came out higher than expected on Friday morning, market watchers knew (or thought they knew) what would happen next. But instead, the opposite happened. Events like this se...

## Mortgage Calculators

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