

MARKET SUMMARY

Complete Recap of Today's Market Activity

The Reasons May be Esoteric, But The Selling is Real

Market Summary: Friday, April 11, 2025 - 1:40AM

Bonds sold off today, in spite of a very bond-friendly CPI. One reason for that is the market's assumption that it will need to wait and see what tariffs do to inflation in the coming months. Another reason is the laundry list of reasons discussed in yesterday's recap. A new reason added to today's mix in the form of the passage of the budget framework in the House. As passed, there is \$1.5 trillion in spending cuts staked simply on reassurances from Johnson and Thune. Markets didn't love the implications for Treasury issuance. The long end of the yield curve (10yr, 30yr, etc) took most of the damage while Fed rate expectations keep the short end of the curve anchored (i.e. a 2yr Treasury won't drift too far above medium term Fed Funds Rate expectations). So bonds had selling to do and 2s weren't eligible, per se. Result: bigger sell-off than we otherwise would have seen in 10s/30s.



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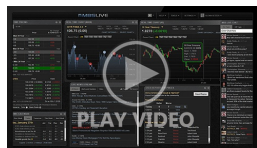
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Latest Video Analysis



The Reasons May be Esoteric, But The Selling is Real

MBS & Treasury Markets

UMBS 5.5	98.22	-0.14	10YR	4.494%	+0.061%	4/11/2025 5:00PM EST
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Negative Reprices Becoming Increasingly Likely

MBS are now down 14 ticks (.44) on the day and from many lenders' rate sheet print times. If you haven't seen a negative reprice yet, the odds are getting very high.

10yr yields are up 5bps at their weakest levels of 4.402.

We'll discuss "why" in today's recap.

MBS MORNING: CPI Finally Drops Big, Just in Time to be Irrelevant

ALERT: Negative Reprice Risk Increasing

Today's Mortgage Rates

30YR Fixed 7.07% +0.10%

15YR Fixed 6.48% +0.08%

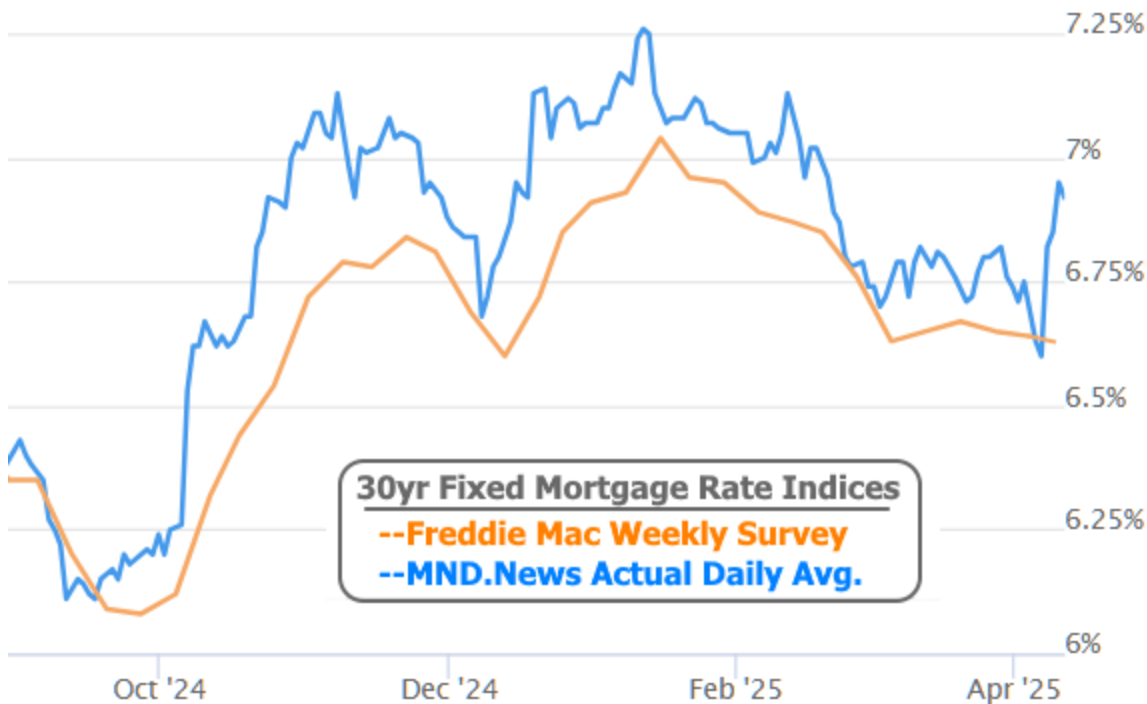
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Mortgage Rates Are Actually MUCH Higher This Week

This article is not intended to report on the weekly Freddie Mac rate survey, but we'll have to reference it in order to participate in reality. To be fair, Freddie's survey is perfectly real, but it's unfortunately quite stale. That isn't always a problem, but it is today.

Freddie reports that this week's fell to 6.62 from 6.64. Per survey methodology, that's the average rate between last Thursday and yesterday. The issue is that there's been a lot of upward rate movement during the past few days--more than enough to see that today's rates are significantly higher than anything seen last week, or last month, for that matter.

The average lender is up about 0.30-0.35% from the end of last week.



There are several reasons that the blue line is almost always higher than the orange line, but that's not important for today. What's important is that there's been a fairly big jump in rates that the Freddie survey is too stale to have caught. News outlets will run stories suggesting mortgage rates are lower this week when, in fact, they are markedly higher.

Time	Event	Actual	Forecast	Prior
Friday, Apr 11				
12:00AM	Roll Date - UMBS 30YR			
8:00AM	Fed Kashkari Speech ☆			
8:30AM	Mar Producer Prices (%)	-0.4%	0.2%	0%
8:30AM	Mar Core Producer Prices YY (%) ★	3.3%	3.6%	3.4%
8:30AM	Mar Core Producer Prices MM (%) ★	-0.1%	0.3%	-0.1%
9:00AM	Fed Collins Speech ☆			
10:00AM	Apr Sentiment: 1y Inflation (%) ☆	6.7%		5%
10:00AM	Apr Sentiment: 5y Inflation (%) ☆	4.4%		4.1%
10:00AM	Apr U Mich conditions ☆	56.5	61.5	63.8
10:00AM	Apr Consumer Sentiment (ip) ☆	50.8	54.5	57.0
10:00AM	Fed Musalem Speech ☆			
11:00AM	Fed Williams Speech ☆			
Monday, Apr 14				
11:00AM	Mar Consumer Inflation Expectations ☆	3.6%		3.1%
12:00PM	Fed Barkin Speech ☆			
1:00PM	Fed Waller Speech ☆			
6:00PM	Fed Harker Speech ☆			
7:40PM	Fed Bostic Speech ☆			

Recent Housing News

- Mortgage Applications Ebbd This Week, But Next Week Could Be a Different Story
- Pending Home Sales Crack Half-Hearted Smile Amid Longer Term Depression
- Purchase Applications Improve; Refinancing Ebbs

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Lowest Rates Since October as Tariffs Spark Staggering Volatility

It was a great week for fans of chaos, volatility, and low interest rates as all 3 were delivered in spades. Despite the presence of several big ticket economic reports, the catalyst was Wednesday afternoon's tariff announcement followed by the international response on Thursday night. For the most part, the market has been responding to tariff news by selling stocks and buying bonds. Because m...

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