

Explaining Monday's Wild Ride in The Bond Market

Market Summary: Tuesday, April 8, 2025 - 5:24AM

It was an extremely volatile, frustrating, and downright weird trading day for the bond market. After starting the overnight session near the lowest yields of the year, the rest of the day was dominated by heavy selling. Ask any market expert to predict today's movement based on a simple inventory of news and events, and a 17bp jump in 10yr yields would be on exactly zero bingo cards. That leaves us to try to piece together best guesses from a laundry list of potential contributors. These are detailed in today's video, but they include things like the inflation implications from trade policy, budgetary implications (lack of tariff revenue implies Treasury issuance), timid buyers ahead of this week's Treasury auctions, fear of reduced foreign bond buying, and a general move to cash as traders look for new opportunities created by recent chaos.



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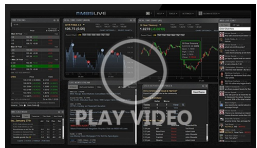
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Latest Video Analysis



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MBS & Treasury Markets

UMBS 5.5	99.11	-0.49	10YR	4.301%	+0.127%	4/8/2025 5:00PM EST
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New Lows; Ongoing Reprice Risk

MBS are down nearly half a point on the day now and more than a quarter point from most lenders' rate sheet print times. As such, negative reprices are more likely than not.

10yr yields are "only" up 13.2bps at 4.137 versus the brief visit to 4.18 earlier this morning.

MBS MORNING: Bonds Getting Hit From Tariff Updates, Real or Otherwise

UPDATE: Much of The Recent Weakness Erased as Headline Labeled "Fake News"

Today's Mortgage Rates

30YR Fixed	6.85%	+0.03%	15YR Fixed	6.24%	+0.04%	4/8/2025
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Worst 24 Hours For Rates So Far This Year

Tariff volatility giveth and taketh from . Up until Friday afternoon, it's been mostly "giveth-ing." In other words, the prospect of trade wars between the US and numerous foreign countries has generally caused weakness in the stock market and strength in the bond market (stronger bonds = lower rates).

That pattern began breaking down on Friday, although it wasn't apparent at the time because still managed to close at the lowest levels of the year. Notably, though, rates began Friday at even lower levels. Lenders were forced to increase rates in response to bond market weakness.

That weakness kicked into overdrive Today. While there was certainly some volatility surrounding news headlines that were less than credible (specifically, that Trump was considering a 90 day pause on Tariffs), bonds maintained steady selling pressure all day.

As a result, mortgage lenders were under progressive pressure to bump today's mortgages rates higher several times. The net effect is that we've moved from 2025's lowest rates to highest since late February in the space of 24 hours. That said, today's highs are right in line with many other days from the past several weeks.

In nuts and bolts terms, this means the average top tier 30yr fixed rate was briefly as low as 6.55% on Friday morning and is now at 6.82%.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Tuesday, Apr 08				
6:00AM	Mar NFIB Business Optimism Index	97.4	101.3	100.7
1:00PM	3-Yr Note Auction (bl)	58		
2:00PM	Fed Daly Speech ☆			
Wednesday, Apr 09				
7:00AM	Apr/04 MBA Purchase Index	172.7		158.2
7:00AM	Apr/04 MBA Refi Index	961.4		710.4
10:00AM	Feb Wholesale inventories mm (%) ☆	0.3%	0.3%	0.8%
10:30AM	Apr/04 Crude Oil Inventory (ml)	2.553M	2.2M	6.165M
11:30AM	17-Week Bill Auction	4.250%		4.200%
12:30PM	Fed Barkin Speech ☆			
1:00PM	10-yr Note Auction (bl) ★	39		
1:00PM	10-Year Note Auction ★	4.435%		4.310%
2:00PM	FOMC Minutes ★★			

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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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