MARKET SUMMARY

Complete Recap of Today's Market Activity

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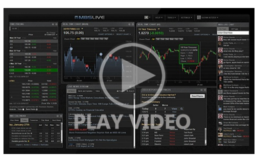
Data Dependence is Back, But Not in A Fun Way

Market Summary: Sunday, May 4, 2025 - 1:50PM

Bonds definitely paused their long term relationship with economic data in wake of the tariff announcement in early April, which was logical given the headline-drive volatility and uncertainty. 2 weeks ago, the connection looked to be returning. Now over the past 2 days, it's back with a vengeance. It's not that any of the data has been stunningly strong, but it's been much better than what some market participants were prepared to see. Friday's jobs report is the 2nd time in 2 days where traders have been able (or forced?) to reconcile their more dire fears with a less dire reality. Translation: higher stocks, higher yields. More big ticket data on the way on Monday...

Latest Video Analysis



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MBS & Treasury Markets

UMBS 5.5	99.24	-0.28	10YR	4.311%	+0.094%	5/2/2025 5:00PM EST

Down More Than an Eighth from 10am Levels

10am is a common time of day for mortgage lenders to be releasing or preparing to release the first rate sheets of the day. As such, it's worth mentioning when MBS drop more than eighth of a point from 10am, which they now have.

5.5 UMBS are down just over a quarter point on the day and 5 ticks (.16) from the 10am highs. Jumpier lenders could technically justify a negative reprice, but most lenders tend to err on the side of caution when setting rates on a jobs report morning where bonds are losing ground.

In other words, the reprice threshold could be a bit bigger than normal.

10yr yields are up 8.9bps at 4.306. Stocks remain near the highs of the day, up more than 1% from yesterday.

MBS MORNING: Reasonably Strong Jobs Report. Reasonably Weak Reaction in Bonds

ALERT: First Move is Weaker After Higher Payrolls

Today's Mortgage Rates

30YR Fixed	6.90%	+0.07%	15YR Fixed	6.19%	+0.03%	5/2/2025

Mortgage Rates Are Actually Higher This Week

had a nice little run, moving down from last Monday's highs of 6.98% (average, top tier 30yr fixed) to a mid-week low just over 6.80%. Even after yesterday's modest bounce, we were still in stronger territory for the week. But now today, the average lender is back up to 6.90%.

While that's not as high as the beginning of last week, it's noticeably above the end-of-week mark of 6.84%. In other words, rates are higher this week. Note: you may see other headlines suggesting the opposite, but those will almost certainly be citing Freddie Mac's weekly rate survey which has methodology that gives too much weight to stale data and doesn't even capture the past 2 days of movement.

As for the culprit, look no further than today's big jobs report. The data showed job creation rising faster than expected. Even after accounting for negative revisions to previous months, investors were braced for worse news. In general, good economic news is bad for rates--a fact that played out throughout today's trading session, ultimately resulting in many mortgage lenders issuing mid-day rate hikes.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Friday, May 02				
8:30AM	Apr Average earnings mm (%) ★	0.2%	0.3%	0.3%
8:30AM	Apr Non Farm Payrolls (k) ★★	177K	130K	228K
8:30AM	Apr Participation Rate ☆	62.6%		62.5%
8:30AM	Apr Unemployment rate mm (%) ★★	4.2%	4.2%	4.2%
9:30AM	Apr Total Vehicle Sales (ml)	17.27M	15.7M	17.77M
10:00AM	Mar Factory orders mm (%)	4.3%	4.5%	0.6%
Monday, May 05				
9:45AM	Apr S&P Global Services PMI ★★		51.4	54.4
9:45AM	Apr S&P Global Composite PMI ☆		51.2	53.5
10:00AM	Apr ISM N-Mfg PMI ★★		50.6	50.8
10:00AM	Apr ISM Biz Activity ★			55.9
10:00AM	Apr ISM Services Prices			60.9
10:00AM	Apr ISM Services Employment			46.2
1:00PM	3-Yr Note Auction (bl)		58	

Recent Housing News

- Home Price Appreciation Remains, But Interesting Trend Emerges
- Mortgage Applications Contract Slightly, But Remain Above 2 Year Average
- Existing Home Sales at 5 Month Lows

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Rates Move Up After Stronger Economic Data

Whether you refer to it as "strong," or "not as bad as feared," this week's economic reports were better than the market was prepared for. The result is moderately higher rates. Interest rates are driven by movement in the bond market, and the bond market is always interested in economic data. Occasionally, the economic data can be boring enough or other events can be important enough to cause ...

Mortgage Calculators

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