

MARKET SUMMARY

Complete Recap of Today's Market Activity

Another ISM Report That Wasn't Weak Enough to Help Bonds

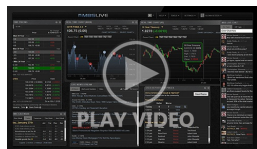
Market Summary: Monday, May 5, 2025 - 2:00PM

The ISM Services PMI is this morning's key data, and arguably, the most relevant economic report of the week. Last week's ISM Manufacturing data wasn't strong, but it wasn't nearly as weak as traders were prepared to see. Today's services PMI is in the same vein--coming in higher than expected at the headline level and offering no relief on prices. The result is a modest extension of the selling pressure seen over the past few days. Yields are now back at the top of the March range. As the week continues, the Treasury auction cycle and Fed announcement are the remaining key events.

Market Movement Recap

- 09:36 AM stronger overnight, but modestly weaker in early trading. MBS down 2 ticks (.06) and 10yr up 1.3bps at 4.324
- 10:29 AM Additional weakness after ISM data. 10yr up 3.7bps at 4.346. MBS down an eighth of a point.
- 11:12 AM Bouncing back a bit. MBS down only 3 ticks (.09) and 10yr up 1.8bps at 4.329
- 01:39 PM 10yr up 5.5bps at 4.366 and MBS down nearly a quarter point.

Latest Video Analysis



Data Dependence is Back, But Not in A Fun Way



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UMBS 5.5	99.07	-0.19	10YR	4.352%	+0.041%	5/5/2025 5:00PM EST
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- ALERT: Losing Ground After ISM Data
- UPDATE: Slightly Weaker After Corporate Issuance Announcement

Today's Mortgage Rates

30YR Fixed	6.90%	+0.00%	15YR Fixed	6.22%	+0.03%	5/5/2025
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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.

Time	Event	Actual	Forecast	Prior
Monday, May 05				
9:45AM	Apr S&P Global Services PMI ★★	50.8	51.4	54.4
9:45AM	Apr S&P Global Composite PMI ☆	50.6	51.2	53.5
10:00AM	Apr ISM N-Mfg PMI ★★	51.6	50.6	50.8
10:00AM	Apr ISM Biz Activity ★	53.7		55.9
10:00AM	Apr ISM Services Prices	65.1		60.9
10:00AM	Apr ISM Services Employment	49		46.2
1:00PM	3-Yr Note Auction (bl)	58		
Tuesday, May 06				
8:30AM	Mar Trade Gap (bl)		\$-129B	\$-122.7B
10:10AM	May IBD economic optimism		50.2	49.1
10:30AM	NY Fed Treasury Purchases 0 to 1 yrs (%)		\$75 million	
1:00PM	10-Year Note Auction ★			4.435%
1:00PM	10-yr Note Auction (bl) ★		42	

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
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- 📊 Should I Refinance?
- 📊 Rent vs. Buy
- 📊 Blended Rate