

MARKET SUMMARY

Complete Recap of Today's Market Activity

Selling Spree Continues, But Gently

Market Summary: Monday, May 5, 2025 - 10:32PM

Bonds were focused on this morning's ISM Services Index with some traders waiting to see more evidence of economic fallout from tariff-related uncertainty. Instead, the index moved slightly higher and was rather uneventful by the time all sub-components were considered. Not enough fuel there for bond bulls, so the bears kept the 3 day selling spree going, ultimately getting 10yr yields back over the 4.34 technical level that got so much play time in March.

Latest Video Analysis



Selling Spree Continues



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UMBS 5.0	97.34	+0.33	10YR	4.298%	-0.047%	5/6/2025 5:00PM EST
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Another ISM Report That Wasn't Weak Enough to Help Bonds

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.

- ALERT:** Losing Ground After ISM Data
- UPDATE:** Slightly Weaker After Corporate Issuance Announcement

Today's Mortgage Rates

30YR Fixed	6.88%	-0.02%	15YR Fixed	6.21%	-0.01%	5/6/2025
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Mortgage Rates Roughly Unchanged to Start New Week

faced a slight headwind on Monday as economic data caused weakness in the bond market. This would typically result in higher mortgage rates, but in today's case, the damage was minimal.

One thing to keep in mind is that mortgage rates don't change in real time with the market. Lenders set rates once in the morning and only change them when the bond market experiences a certain threshold of volatility. A small handful of lenders met that threshold and ended up raising rates this afternoon, but the average lender remained right in line with Friday.

The implication is that if the bond market were to start tomorrow exactly where it's ending today, most lenders would be in a position to set tomorrow's rates slightly higher. This is purely hypothetical, however as there's no way to know which direction bonds will move overnight.

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)	\$-140.5B	\$-137B	\$-122.7B
10:10AM	May IBD economic optimism	47.9	50.2	49.1
10:30AM	NY Fed Treasury Purchases 0 to 1 yrs (%)		\$75 million	
1:00PM	10-Year Note Auction ★	4.342%		4.435%

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

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