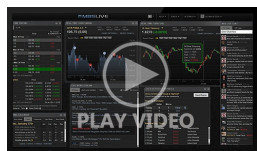


Not Expecting Fireworks From The Fed

Market Summary: Wednesday, May 7, 2025 - 1:37PM

Powell can't consider cutting or hiking at the moment, and he can't communicate the reasons for that much differently than he already has. All that having been said, sometimes the market is just looking for an excuse to make a move on Fed days. So despite the fact that we don't expect any stunning revelations, volatility can't ever be ruled out.

Latest Video Analysis



10yr Auction to The Rescue



Matt Graham
Founder and CEO, MBS Live

MBSLIVE

MBS & Treasury Markets

| | | | | | | |
|----------|-------|-------|------|--------|---------|---------------------|
| UMBS 5.5 | 99.55 | +0.22 | 10YR | 4.270% | -0.028% | 5/7/2025 5:00PM EST |
|----------|-------|-------|------|--------|---------|---------------------|

Not Expecting Fireworks From The Fed

Wednesday begins with bonds battling back from modest overnight weakness (now moving into modestly stronger territory), but not for any particular reason. End of year Fed Funds Rate expectations have been almost perfectly flat so far this week after falling a quarter point in the last week of April, and then jumping more than a quarter point at the end of last week.

That's a script for Powell's press conference today: a tale of two mandates. On the one hand, there are easily imaginable scenarios that result in rate cuts. On the other hand, there is inflation-related uncertainty stemming from tbd trade policy. Last week's stronger-than-expected econ data added to the indecision.

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UPDATE: Moving Into Positive Territory After 10yr Auction

MBS MORNING: 2-Way Trading, Slightly Weaker Start

Today's Mortgage Rates

| | | | | | | |
|------------|-------|--------|------------|-------|--------|----------|
| 30YR Fixed | 6.86% | -0.02% | 15YR Fixed | 6.19% | -0.02% | 5/7/2025 |
|------------|-------|--------|------------|-------|--------|----------|

Mortgage Rates Improve Slightly After Starting Out Flat

were unchanged for the average lender this morning, thanks to a modest improvement in the bond market overnight. Rates were on course to remain mostly flat until the afternoon's scheduled 10yr Treasury auction. The market's reaction to the auction allowed many lenders to revise mortgage rates slightly lower.

Mortgage rates are based on securities that are similar to US Treasuries in many ways. As such, when something happens that impacts Treasuries, the mortgage securities market tends to feel it. This doesn't always prompt an immediate change in mortgage rates because lenders only tend to make mid day changes when the underlying market makes a big enough move.

Today's market movement wasn't exactly massive, but it was enough for most lenders to make an adjustment. In the bigger picture, a strong reception for a 10yr Treasury auction is reassuring for rates in general. That said, it will continue to be economic data and key fiscal developments that dictate momentum going forward.

Economic Calendar

Last Week | This Week | Next Week

| Time | Event | Actual | Forecast | Prior |
|-------------------|---------------------------------------|----------|----------|----------|
| Wednesday, May 07 | | | | |
| 7:00AM | May/02 MBA Purchase Index | 162.8 | | 146.6 |
| 7:00AM | May/02 MBA Refi Index | 721 | | 649.0 |
| 10:30AM | May/02 Crude Oil Inventory (ml) | -2.032M | -1.7M | -2.696M |
| 2:00PM | Fed Interest Rate Decision ★★ | 4.5% | 4.5% | 4.5% |
| 2:30PM | Fed Press Conference ★★ | | | |
| 2:30PM | Powell Press Conference ★★ | | | |
| 3:00PM | Mar Consumer credit (bl) | \$10.17B | \$9.5B | \$-0.81B |
| Thursday, May 08 | | | | |
| 8:30AM | Apr/26 Continued Claims (ml) | 1879K | 1890K | 1916K |
| 8:30AM | Q1 Unit Labour Costs QoQ Final ☆ | 5.7% | 5.1% | 2.2% |
| 8:30AM | May/03 Jobless Claims (k) ★ | 228K | 230K | 241K |
| 10:00AM | Mar Wholesale inventories mm (%) ☆ | 0.4% | 0.5% | 0.5% |
| 11:00AM | Apr Consumer Inflation Expectations ☆ | 3.6% | | 3.6% |
| 1:00PM | 30-Year Bond Auction ☆ | | | 4.813% |
| 1:00PM | 30-Yr Bond Auction (bl) ☆ | | 25 | |

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

Read My Latest Newsletter

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