

# MARKET SUMMARY

Complete Recap of Today's Market Activity

## Just as Underwhelming as Expected

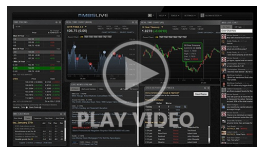
Market Summary: Thursday, May 8, 2025 - 9:30AM

No sense in trying to manufacture excitement out of something boring. Even before Fed speakers went into the customary blackout period 12 days ago, it was already abundantly clear that they were all on the same page--a page of uncertainty in an uncertain chapter of an uncertain book. Nothing had changed in the past 12 days that would allow the Fed or Powell to be any less uncertain about which of the two competing forces on rates would win out in the coming weeks/months. As such, there was nothing Powell could do but reiterate that fact 17 times for the 17 different versions of the same question. It's no surprise bonds are heading out the door precisely in line with pre-Fed levels.

### Market Movement Recap

09:16 AM Slightly stronger after AM data, but still weaker on the day. MBS down 1 tick (.03) and 10yr down 1.3bps at 4.283

### Latest Video Analysis



Just as Underwhelming as Expected



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UMBS 5.5	99.19	-0.36	10YR	4.370%	+0.099%	5/8/2025 1:30PM EST
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## Losing Some Ground on Powell's Latest Comment

It's hard to say exactly which comment did the trick, but it was probably this one:

Fed's Powell: We won't make progress on goals this year if tariffs stay

or this one (in response to whether the Fed would cut rates at all this year):

Powell: There are cases where it would make sense and cases where it wouldn't.

Bonds are still stronger, but losing some ground. 10yr down just under 1bp at 4.29, but up from lows of 4.26.

MBS are still up an eighth of a point, but down 3 ticks (.09) from the highs).

**UPDATE:** No Major Reaction to Fed Announcement Text

**COMMENTARY:** Here's What Changed in The New Fed Announcement

30YR Fixed	6.91%	+0.05%	15YR Fixed	6.22%	+0.03%	5/8/2025
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## Mortgage Rates Lower After Fed Announcement, But Not Because of It

There's nothing like a Fed announcement day to get almost every media outlet to run headlines that attempt to tie the day's market movement to the Fed's rate decision. The problem in today's case is that there wasn't even anything remotely resembling a decision, nor did anyone expect there to be.

Markets were effectively betting on a zero percent chance of a rate cut at this meeting, and that's been the case for several weeks. Fed speakers had also been very clear in their shoulder shrugs during that time, saying that there are two big policy considerations in play right now, each arguing in the opposite direction.

Specifically, the Fed has a mandate to "promote maximum employment," which could also be viewed as "promote a strong economy," and a mandate for "price stability," which is fancy talk for the Fed's inflation fighting role.

When Fed speakers have recently referred to those two mandates being in tension, they mean the potential drag on the economy from tariffs and tighter fiscal policy argues in favor of lower rates if it translates to higher unemployment and weaker economic data. Contrast that to the potential increase in inflation due to tariffs, which argues in favor of higher rates.

Simply put, there was nothing the Fed could do today but sit on its hands and wait to see which side of the mandate ended up having more compelling evidence, and nothing for Fed Chair Powell to do but reiterate that fact multiple times when almost every reporter asked a different version of the same question.

As for , they were indeed modestly lower, but the bond market movement that made that possible was already in place beforehand. Additionally, the improvement is small enough as to be considered more of a sideways drift in the bigger picture.

Time	Event	Actual	Forecast	Prior
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 ☆	4.819%		4.813%
1:00PM	30-Yr Bond Auction (bl) ☆	25		
Friday, May 09				
6:15AM	Fed Williams Speech ☆			
6:45AM	Fed Barr Speech ☆			
8:30AM	Fed Kugler Speech ☆			
10:00AM	Fed Goolsbee Speech ☆			
11:30AM	Fed Williams Speech ☆			
11:30AM	Fed Waller Speech ☆			
7:45PM	Fed Hammack Speech ☆			
7:45PM	Fed Musalem Speech ☆			
7:45PM	Fed Cook Speech ☆			

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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-  Advanced Loan Comparison
-  Early Payoff
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-  Rent vs. Buy
-  Blended Rate