

MARKET SUMMARY

Complete Recap of Today's Market Activity

Flat Friday, But Volatility Risks Remain

Market Summary: Monday, May 12, 2025 - 1:40AM

Bonds started weaker, flipped stronger mid-day, and then slowly moved back to unchanged levels by the close. Most of the day's volatility surrounded comments from a Swiss finance minister on this weekend's US/China trade talks (in Switzerland). The movement was very small in the bigger picture, possibly reflecting the very low odds for any sort of trade resolution like yesterday's UK/US deal. Still, over the weekend headlines may provide hints as to where the discussions are headed, and that could be worth some volatility as the coming week begins. A day later, CPI will provide the first big-picture assessment of April's inflation (still exceptionally early when it comes to potential tariff-related impacts, but not too early to see some impact).

Latest Video Analysis



Flat Friday, But Volatility Risks Remain

MBS & Treasury Markets

UMBS 5.5	98.76	-0.36	10YR	4.470%	+0.085%	5/12/2025 5:00PM EST
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Heads Up: Down an Eighth of a Point From Highs

Bonds have been almost perfectly flat all day, and we'd still refer to today as flat in the bigger picture.

But amidst that broader sideways grind, MBS have slowly inched down from the AM highs and the gap is now at an eighth of a point in 5.5 coupons. This doesn't constitute any serious negative reprice risk, but could be something to consider for those who were already planning on locking before the weekend and waiting to see if rates would improve.

MBS MORNING: Lots of Fed Speakers, But The Focus is on China

ALERT: Negative Reprices Becoming Likely



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Today's Mortgage Rates

30YR Fixed	6.92%	+0.03%	15YR Fixed	6.27%	+0.06%	5/12/2025
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Mortgage Rates Barely Lower to End The Week

Whether it's today vs yesterday, or today vs the end of last week, the average top tier 30yr fixed mortgage rate is just a hair lower.

Today's improvement was arguably a byproduct of trade related headlines this morning. Specifically, some comments suggested this weekend's negotiations between the US and China in Switzerland would merely be a starting point.

As has been the case for most any other recent trading day, there were plenty of other headlines that may have had an impact, but the overall movement is so small that nothing really stands out.

Looking ahead, the bond market (and thus, rates) will likely be tuning into next Tuesday's inflation data along with any substantive developments from the weekend's trade negotiations (which would be a tall order since they don't involve a meeting between Xi and Trump).

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Monday, May 12				
12:00AM	Roll Date - UMBS 30YR			
10:25AM	Fed Kugler Speech ☆			
10:30AM	NY Fed Treasury Purchases 4 to 6 yrs (%)		\$75 million	
12:00PM	WASDE Report (%)			
2:00PM	Apr Federal budget, \$ (bl)	\$258B	\$255B	\$-161B
Tuesday, May 13				
6:00AM	Apr NFIB Business Optimism Index	95.8	94.5	97.4
8:30AM	Apr m/m Headline CPI (%) ★	0.2%	0.3%	-0.1%
8:30AM	Apr m/m CORE CPI (%) ★★	0.2%	0.3%	0.1%
8:30AM	Apr y/y Headline CPI (%) ☆	2.3%	2.4%	2.4%
8:30AM	Apr y/y CORE CPI (%) ★★	2.8%	2.8%	2.8%

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

Fed Rate Expectations Have Fully Erased The Tariff Impact (For Now)

The market is constantly making bets on where the Fed Funds Rate will end up for any given moment many months into the future. As such, that rate expectation is constantly changing. It will continue to change, and it will change in different ways for different time frames. For example the futures contracts that pertain to June's Fed meeting will indicate a different rate than the contracts for ...

Mortgage Calculators

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