

## Yields Jump After Another 90 Day Tariff Pause

Market Summary: Monday, May 12, 2025 - 10:58AM

10yr yields were up 8bps overnight to the highest levels since April 11th after weekend trade talks between the US and China resulted in a 90 day pause on a vast majority of recently announced tariffs. This is a much bigger result than the market was expecting and it paves the way for endgame to be nearly unrecognizable relative to the April 2nd announcements. That said, markets are still left to wonder where everything will settle out after all the pauses and negotiations are over. Tariffs are still likely to be higher than they were before, and that means the Fed and the market are still waiting to see how the trade offs between inflation and revenue balance out (as well as any fall-out on economic growth and foreign central bank demand for Treasuries).



Sean A. Stephens,  
Esq., CMB®

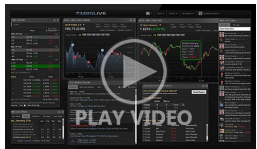
Attorney, Broker to Banker  
Consulting, LLC

[www.BrokerToBankerConsulting.com](http://www.BrokerToBankerConsulting.com)



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### Latest Video Analysis



Flat Friday, But Volatility Risks Remain

### MBS & Treasury Markets

UMBS 5.5	98.83	-0.29	10YR	4.457%	+0.072%	5/12/2025 2:58PM 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

## Today's Mortgage Rates

30YR Fixed 6.92% +0.03%

15YR Fixed 6.27% +0.06%

5/12/2025

## 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		94.5	97.4
8:30AM	Apr m/m Headline CPI (%) ★		0.3%	-0.1%
8:30AM	Apr m/m CORE CPI (%) ★★		0.3%	0.1%
8:30AM	Apr y/y Headline CPI (%) ☆		2.4%	2.4%
8:30AM	Apr y/y CORE CPI (%) ★★		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

-  [Mortgage Payment w Amortization](#)
-  [Loan Comparison](#)
-  [Advanced Loan Comparison](#)
-  [Early Payoff](#)
-  [Should I Refinance?](#)
-  [Rent vs. Buy](#)
-  [Blended Rate](#)