

MARKET SUMMARY

Complete Recap of Today's Market Activity

Yields Jump After Another 90 Day Tariff Pause

Market Summary: Monday, May 12, 2025 - 11:08AM

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).

Latest Video Analysis



Flat Friday, But Volatility Risks Remain



Sean A. Stephens,
Esq., CMB®

Attorney, Broker to Banker
Consulting, LLC

www.BrokerToBankerConsulting.co



BROKER to BANKER
CONSULTING

UMBS 5.5	98.85	-0.28	10YR	4.458%	+0.073%	5/12/2025 3:08PM EST
----------	-------	-------	------	--------	---------	----------------------

Yields Jump After Another 90 Day Tariff Pause

10yr yields were up 8bps overnight to the highest levels since April 11th after weekend trade talks between the US and China resulted in significant reductions in tariffs for a period of 90 days (US imports down to 30% and exports down to 10%). This is better result than the market was expecting and it paves the way for endgame to be nearly unrecognizable relative to recent brinksmanship.

That said, markets are still left to wonder where everything will settle out after all the pauses and negotiations are over. Tariffs could still end up substantially higher than they were before (the 30% tariff during this 90 day pause is still huge compared to the historic average). 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 fallout on economic growth and foreign central bank demand for Treasuries).

Tariff pause announcement highlighted in the chart below.

- UPDATE: Heads Up: Down an Eighth of a Point From Highs
- MBS MORNING: Lots of Fed Speakers, But The Focus is on China

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).

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

Read My Latest Newsletter

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