

MARKET SUMMARY

Complete Recap of Today's Market Activity

Stock Gains Creating Bond Pain After Flat Response to CPI

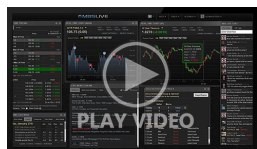
Market Summary: Tuesday, May 13, 2025 - 12:21PM

Heading into the session, we knew there was a high bar for CPI to have a positive influence on bonds with the future tariff landscape reducing the relevance of current price data, but the results were close enough to consensus that we might not have seen a big reaction anyway. Core CPI rose to 0.237 month over month, versus a 0.3 forecast. Annually, it was 2.8 vs 2.8 and unchanged from last month. Volume spiked modestly and bonds rallied for a few seconds before returning to flat levels. The meaningful movement has taken place after the 9:30am NYSE open with a classic risk-on trade. Friendly tariff headlines from China added to the case just after 10am.

Market Movement Recap

- 08:48 AM MBS up about an eighth and 10yr down 2.4bps at 4.446
- 09:58 AM Losing ground in the NYSE session. 10yr up 0.4bps at 4.474. MBS back to unchanged.
- 12:09 PM New lows. MBS down 3 ticks (.09) and 10yr up 2.4bps at 4.492

Latest Video Analysis



Is All News Bad News For Bonds?



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MBS & Treasury Markets

UMBS 5.5	98.73	-0.02	10YR	4.469%	-0.001%	5/13/2025 5:00PM EST
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- ALERT: MBS Down Just Over an Eighth From Highs
- UPDATE: CPI Comes in Lower. Bonds Aren't Mad

Today's Mortgage Rates

30YR Fixed	6.92%	+0.00%	15YR Fixed	6.26%	-0.01%	5/13/2025
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Mortgage Rates Jump to 2 Week Highs After US/China Trade Talks

Tariffs and trade policy have been a new and important consideration for the bond market for just over a month now. That matters to because mortgage pricing is primarily determined by bond prices.

The reaction function for rates is a bit complicated at first glance because tariffs can exert influence in opposite directions. To whatever extent trade policy results in lower economic growth, it would generally be good for rates, all other things being equal.

To whatever extent trade policy results in higher prices, lower revenue, and lower foreign demand for US assets (which tends to correlate with trade relationships), it would push rates higher.

Over the weekend, the US and China agreed on a 90 day pause on the more extreme tariff brinksmanship. While levels remain elevated enough to cause some inflation concern (remember: bad for rates), they've come down enough to alleviate some concern about the global economy (also bad for rates).

Today's move wasn't huge as far as mortgage rate volatility goes, but the average lender is now up to the highest levels in just over 2 weeks.

[thirtyyearmortgagerates]

Time	Event	Actual	Forecast	Prior
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%
Wednesday, May 14				
12:00AM	Roll Date - UMBS 15YR, Ginnie Mae 15YR			
5:15AM	Fed Waller Speech ☆			
7:00AM	May/09 MBA Purchase Index			162.8
7:00AM	May/09 MBA Refi Index			721
9:10AM	Fed Jefferson Speech ☆			
10:30AM	May/09 Crude Oil Inventory (ml)		-2.4M	-2.032M
5:40PM	Fed Daly 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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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
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- 📊 Should I Refinance?
- 📊 Rent vs. Buy
- 📊 Blended Rate