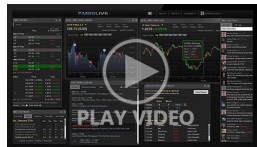


Bonds End Almost Perfectly Flat

Market Summary: Wednesday, May 14, 2025 - 1:38AM

There are two kinds of rate/bond watchers today: those who tuned in late in the day to see bonds almost perfectly unchanged and those who were tuned in through the mild volatility this morning. The former group would simply shrug and go back to whatever it was they were doing while the latter might be frustrated to see bonds losing ground on a morning where inflation came in lower than expected. For the frustrated crowd, this was the plan for today--the asymmetric risk discussed yesterday. A decent result was never likely to help bonds. The subsequent weakness was driven by other factors, not CPI ([risk-on](#) trading and a series of tariff headlines from China). Even then, unchanged is unchanged.

Latest Video Analysis



Bonds End Almost Perfectly Flat



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MBS & Treasury Markets

UMBS 5.5	98.34	-0.38	10YR	4.534%	+0.065%	5/14/2025 5:00PM EST
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Just a Bit Weaker and a Bit More Reprice Risk

This is an amplification of the previous alert as bonds continue to struggle to push back against AM weakness. 10yr yields are up 3.2bps to the highs of the day at 4.502.

MBS are down an eighth on the day and quarter point from the average price during most lenders' rate sheet windows. Several lenders have already repriced, and the risk is increasing for those who haven't.

On the bright side, there's no new news driving these losses, and momentum looks to be leveling off at the moment.

MBS MORNING: Stock Gains Creating Bond Pain After Flat Response to CPI

ALERT: MBS Down Just Over an Eighth From Highs

30YR Fixed	6.99%	+0.07%	15YR Fixed	6.34%	+0.08%	5/14/2025
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Mortgage Rates Hold Fairly Steady After Inflation Data

Tuesday brought the release of an economic report that has frequently been responsible for big swings in . The Consumer Price Index (CPI) is the earlier of the two big inflation reports from the US government, and inflation is a big deal for . In general, higher inflation coincides with higher rates and vice versa.

But today's CPI data was likely to be taken with a grain of salt due to the to-be-determined impacts of tariffs and trade deals on the price of imported goods and materials. In other words, if inflation came in lower than expected, it wouldn't matter as much as normal because. The only real risk was that inflation would come in higher than expectations, thus suggesting that any tariff-related impact would be hitting an already elevated price trend.

Thankfully, today's report was slightly lower than expected, even though it moved up from last month's levels. As expected, that didn't do anything to help rates. In fact, the average lender is just a hair higher than yesterday owing to market movement that happened later in the day.

Time	Event	Actual	Forecast	Prior
Wednesday, May 14				
12:00AM	Roll Date - UMBS 15YR, Ginnie Mae 15YR			
5:15AM	Fed Waller Speech ☆			
7:00AM	May/09 MBA Purchase Index	166.5		162.8
7:00AM	May/09 MBA Refi Index	718.1		721
9:10AM	Fed Jefferson Speech ☆			
10:30AM	May/09 Crude Oil Inventory (ml)	3.454M	-1M	-2.032M
5:40PM	Fed Daly Speech ☆			
Thursday, May 15				
8:30AM	Apr Core Producer Prices MM (%) ★	-0.4%	0.3%	-0.1%
8:30AM	Apr Core Producer Prices YY (%) ★	3.1%	3.1%	3.3%
8:30AM	May NY Fed Manufacturing ☆	-9.20	-10	-8.10
8:30AM	May/10 Jobless Claims (k) ★	229K	229K	228K
8:30AM	May/03 Continued Claims (ml)	1881K	1890K	1879K
8:30AM	Apr Producer Prices (%)	-0.5%	0.2%	-0.4%
8:30AM	May Philly Fed Prices Paid	59.80		51.00
8:30AM	May Philly Fed Business Index ☆	-4	-11	-26.4
8:30AM	Apr Retail Sales Control Group MoM ★	-0.2%	0.3%	0.4%
8:30AM	Apr Retail Sales (%) ☆	0.1%	0%	1.5%
8:30AM	Apr Retail Sales (ex-autos) (%)	0.1%	0.3%	0.6%
8:40AM	Fed Chair Powell Speech ★★			
8:42AM	Powell Speech ★★			
9:15AM	Apr Industrial Production (%) ☆	0%	0.2%	-0.3%
10:00AM	Mar Business Inventories (%) ☆	0.1%	0.2%	0.2%
10:00AM	May NAHB housing market indx ☆	34	40	40
12:00PM	NOPA Crush Report (%)			
2:05PM	Fed Barr 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

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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