

MARKET SUMMARY

Complete Recap of Today's Market Activity

Another "Just Because" Sell Off

Market Summary: Thursday, May 15, 2025 - 3:26AM

This is getting old... and unfortunately, more prevalent. The bond market has been offering up more and more examples of reasonably brisk changes in yields without any obvious catalysts. This forces market watchers to concoct narratives to fit the price action (i.e. to say things that wouldn't be said if the mystery move was a rally). In other words, guesses and generalizations are the name of the game. What we do know is that a broad rotation out of bonds and into stocks is underway, even if stocks weren't a good example of that today. We know there were some headlines regarding potential Korea/Japan trade deals in the works. And we know the bond market isn't thrilled with the potential Treasury issuance implications associated with congressional budget headlines. All that having been said, the reality is probably significantly more complicated and boring than this small collection of usual suspects.



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Latest Video Analysis



Another Just Because Sell-Off

MBS & Treasury Markets

UMBS 5.5	98.40	+0.05	10YR	4.512%	-0.023%	5/15/2025 7:26AM EST
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One More Alert For The Day

After holding fairly flat for the past 3 hours, bonds just ratcheted a few more ticks/bps weaker at the 3pm CME close. MBS were briefly down 3/8ths, but currently down a bit less than that. Still, any lender who has yet to reprice for the worse today is increasingly likely to do so.

10yr yields popped another few bps and are now up 6.5bps on the day at 4.534.

ALERT: Negative Reprice Risk Increasing

ALERT: Down More Than an Eighth

Today's Mortgage Rates

30YR Fixed	6.94%	-0.05%	15YR Fixed	6.31%	-0.03%	5/15/2025
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Mortgage Rates Rising Closer to 7%

In early April, amid the most volatile portion of the market's reaction to the tariff announcement, were officially over 7% for a single day. By the middle of the following week, they were well on their way lower, ultimately ending the month just over 6.8%.

Since then, it's been tough sledding for bonds and the rate market. Almost every day in the month of May has been a bad one. Even if the size of the rate increases have been reasonably small, they're starting to add up.

Now today, the average lender is back on the doorstep of 7% for top tier conventional 30yr fixed mortgage rates. A second wave of weakness in the bond market this afternoon is resulting in many lenders announcing mid-day increases. With that, today's index ended up at 6.99%--all this despite an absence of any standout individual motivations in today's news.

Tomorrow brings a slew of important economic reports. If they come in stronger than expected, rates could face additional upward pressure. If they're weaker, markets may dismiss them as stale data that was overly influenced by tariff-related uncertainty that has since improved.

Time	Event	Actual	Forecast	Prior
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 ☆			
Friday, May 16				
8:30AM	Apr Building Permits (ml)		1.450M	1.467M
8:30AM	Apr Export prices mm (%)		-0.5%	0%
8:30AM	Apr Import prices mm (%)		-0.4%	-0.1%
8:30AM	Apr Housing starts number mm (ml)		1.37M	1.324M
10:00AM	May Sentiment: 1y Inflation (%) ☆			6.5%
10:00AM	May U Mich conditions ☆		59.6	59.8
10:00AM	May Sentiment: 5y Inflation (%) ☆			4.4%
10:00AM	May Consumer Sentiment (ip) ☆		53.4	52.2

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 ...

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