

MARKET SUMMARY

Complete Recap of Today's Market Activity

Global Bond Audience is Booing US Fiscal Performance

Market Summary: Monday, May 19, 2025 - 9:06AM

When Moody's announced the surprise cut of the US credit rating on Friday, there were only a few minutes left to trade and all but the latest working US-based traders were even at their desks. The most logical fallout in a scenario like that is for the rest of the world to take its turn piling into the trade as soon as overseas markets opened (not to mention US traders who were already gone for the day on Friday). Unfortunately, logic prevailed overnight. We'd note that Moody's was simply the last of the big 3 to make this change, and that it's not really a groundbreaking development. Rather, the groundbreaking development is playing out behind the scenes as the US government (all of it, red and blue and in between) once again fails to set the country on a sustainable fiscal path. THAT is what the market is protesting. That is why the crowd is booing. Moody's is simply the surly guy who shouted "you suck!" from the back of the audience.



Gina Mancuso

Luxury Real Estate
Professional, Gina Mancuso
Luxury Real Estate

northcountyproperties.com/team

P: (619) 757-6629

M: (619) 757-6629

02146794

Market Movement Recap

08:36 AM Sharply weaker overnight as Moody's reaction extends overseas. MBS down 3/8ths and 10yr up 7.3bps at 4.552

Latest Video Analysis



Moody's Pulls Pin And Walks Away With 10 Minutes Left to Trade

UMBS 5.5	98.63	-0.02	10YR	4.485%	+0.005%	5/19/2025 1:06PM EST
----------	-------	-------	------	--------	---------	----------------------

Losing More Ground After Moody's Downgrade

This news isn't as big as it may sound but Moody's just downgraded the US credit rating to Aa1 from AAA. In a statement, Moody's said "we recognize the US' significant economic & financial strengths, and believe these no longer fully counterbalance decline in fiscal metrics" and "we do not believe material multi-year reductions in mandatory spending to result from the current fiscal proposals under consideration."

Moves like this aren't unheard of surrounding some of the more heated budget and debt ceiling battles, but markets tend to trade it nonetheless. This particular example is no doubt exacerbated by late Friday .

MBS are now down 7 ticks (.22) on the day and roughly 3/8ths from AM highs. Lenders who are still in the office and who haven't already repriced for the worse are increasingly likely to do so.

- ALERT: Negative Reprice Risk Increasing Slightly
- ALERT: Down Just Over an Eighth From AM Highs

Today's Mortgage Rates

30YR Fixed 7.04% +0.12%

15YR Fixed 6.35% +0.09%

5/19/2025

Mortgage Rates End Week Only Slightly Higher After Decent Recovery

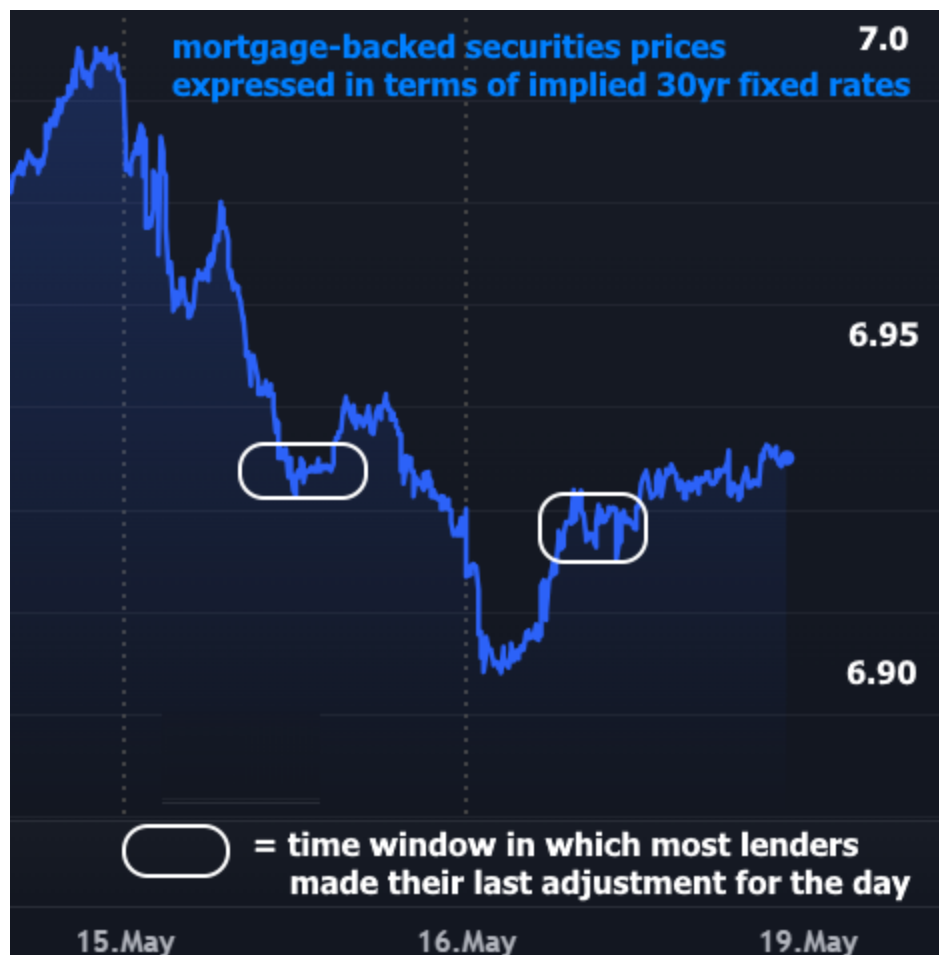
The average top tier 30yr fixed rate is set to end the week just a few hundredths of a percent higher than last Friday at 6.92%. That's a victory--albeit a small one--after hitting 6.99% on Wednesday. As always, these rates refer to an index representing broad industry averages for best-case scenarios. Individual lenders and scenarios can be quite a bit different for a variety of reasons.

Today's rate change is a bit misleading because it left us in slightly better shape versus yesterday. The bond market (which is directly responsible for mortgage rate changes) disagrees. Whether we're talking about mortgage-specific bonds or their more popular older sibling US Treasuries, bonds were just a hair weaker across the board.

Weaker bonds = higher rates, all other things being equal. The discrepancy comes down to timing and the rate setting practices of mortgage lenders. Specifically, bonds improved late enough in the day yesterday that many lenders didn't fully adjust their to reflect the gains.

Then this morning, bonds signaled even lower rates before ultimately moving back to more neutral levels. Some lenders bumped rates slightly higher as a result, but the average lender is still slightly below yesterday's rates and bond market levels are still slightly better than they were when most lenders released their last rate update yesterday.

If this is all a bit confusing, remember that mortgage rates only change once or twice a day, apart from extremely volatile trading days. Meanwhile, the bond market is changing every second. Lenders have to decide where to set rates based on that moving target. Here's how the past two days looked to the average lender:



Time	Event	Actual	Forecast	Prior
Monday, May 19				
12:00AM	Roll Date - Ginnie Mae 30YR			
8:30AM	Fed Bostic Speech ☆			
8:45AM	Fed Jefferson Speech ☆			
8:45AM	Fed Williams Speech ☆			
10:00AM	Apr CB Leading Index MoM (%)	-1%	-0.9%	-0.7%
1:15PM	Fed Logan Speech ☆			
1:30PM	Fed Kashkari Speech ☆			
Tuesday, May 20				
9:00AM	Fed Bostic Speech ☆			
9:00AM	Fed Barkin Speech ☆			
9:30AM	Fed Collins Speech ☆			
1:00PM	Fed Musalem Speech ☆			
5:00PM	Fed Kugler Speech ☆			
7:00PM	Fed Daly Speech ☆			
7:00PM	Fed Hammack Speech ☆			

Recent Housing News

- [Housing Starts Buoyed By Multi-Family Sector](#)
- [Builder Confidence Near Post-Pandemic Lows, But Timing is Everything](#)
- [Purchase Demand Moves Back Toward 2 Year High; Refis Hold Steady](#)

Read My Latest Newsletter

Some Uncertainty at The End of an Otherwise Decent Week

The week began with some challenges for the rate market and a bounce for stocks following the US/China trade deal over the weekend. Stocks held their gains, but rates managed to move back down by the end of the week. Thursday was the only important day in that regard with rates benefiting from weaker Retail Sales data and a well-received speech from Fed Chair Powell. Friday began on an ev...

Mortgage Calculators

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