

# MARKET SUMMARY

Complete Recap of Today's Market Activity

## Budget Battle Hitting Bonds Amid Empty Calendar

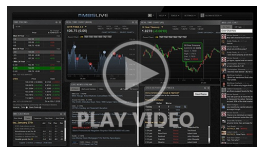
Market Summary: Tuesday, May 20, 2025 - 11:34AM

It's a holiday-shortened week with a relatively empty economic calendar, thus forcing the bond market to find its movement cues elsewhere. To some small extent, corporate bond issuance has had an impact behind the scenes. It was lower than expected yesterday, which may have helped, and is picking back up today, which may be hurting. But the bigger pain aligns fairly clearly with various newswires surrounding the budget battle. In the most basic sense, bonds are protesting a lack of fiscal restraint. Nothing has been passed yet, but the concern is that a flurry of pressure from the White House could force a few hold outs to change their vote. Bonds wouldn't like that because as it stands, the bill would likely result in higher Treasury issuance.

### Market Movement Recap

10:47 AM Modestly weaker overnight with additional selling in the first 2 hours. MBS down 5 ticks (.16) and 10yr up 4.2bps at 4.492

### Latest Video Analysis



(Un)surprising Reversal After Initial Weakness



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UMBS 5.5	98.63	-0.15	10YR	4.481%	+0.031%	5/20/2025 3:34PM EST
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- MBS MORNING: Global Bond Audience is Booing US Fiscal Performance
- ALERT: Losing More Ground After Moody's Downgrade

## Today's Mortgage Rates

30YR Fixed	6.99%	+0.00%	15YR Fixed	6.35%	+0.03%	5/20/2025
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## Mortgage Rates Briefly Over 7% Before Mid-Day Improvement

jumped sharply over the weekend as financial markets reacted to Moody's credit rating downgrade of the U.S. News of the downgrade broke with only minutes left in Friday's market/business day, so most of the response played out when global markets opened again late last night.

The initial reaction involved stock prices moving lower and bond yields moving higher (which can also be characterized as bond market weakness/losses/etc). In general, bond market weakness coincides with higher mortgage rates and this morning was no exception.

Most mortgage lenders are deciding on rates for the day in the 9am-10am ET time frame. Because this was one of the weakest moments for the bond market, mortgage rates were sharply higher at first. The average lender was back over 7% for the 1st time since April 11th, and only the 2nd time in 3 months.

No sooner were these rates being published than the underlying market began moving back in the other direction. Mortgage lenders prefer to only set rates once per day, but will make mid-day updates when things change enough. Today's reversal was more than sufficient to prompt a re-price. After that, the average top tier 30yr fixed rate moved just barely back below 7.0%--still higher than Friday, but much more in line with last week's range.

Time	Event	Actual	Forecast	Prior
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 ☆			
Wednesday, May 21				
7:00AM	May/16 MBA Refi Index			718.1
7:00AM	May/16 MBA Purchase Index			166.5
10:30AM	May/16 Crude Oil Inventory (ml)		-1.85M	3.454M
12:00PM	Fed Barkin Speech ☆			
1:00PM	20-Yr Bond Auction (bl)		16	

### 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

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## 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