

MARKET SUMMARY

Complete Recap of Today's Market Activity

Ultimately Sort of Flat if You Use Your Imagination

Market Summary: Tuesday, May 20, 2025 - 5:16PM

Here's a quick and easy method for imagining that bonds were flat today. Step one, go back to yesterday and use 3pm as a closing time (not a crazy request considering that's the traditional end-of-day marking time for Treasuries). Then do the same for today. The result is that 10yr yields are up about half a bp. Feel free to round that down to 0bps, and voila! Flat day. That assessment actually fits better with the calendar and the general vibe. AM volatility came and went surrounding budget headlines and bonds are once again flirting with 4.5% 10yr yields on a holiday-shortened, mostly data-free week, waiting for the next shoe to drop.

Latest Video Analysis



Ultimately Sort of Flat if You Use Your Imagination



Joe Rapisarda

Mortgage Broker, Pacific
Community Lender

Vacavillehomeloans.com

M: 707-208-1916

190 South Orchard Ave #B115
Vacaville CA 95688-____
230222



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UMBS 5.5	98.62	-0.16	10YR	4.495%	+0.045%	5/20/2025 5:00PM EST
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Budget Battle Hitting Bonds Amid Empty Calendar

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, 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.

- 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 Hold Steady Near Recent Highs

ultimately managed to hold steady on Tuesday despite some underlying market volatility. Rates change day to day (and sometimes intraday) based on movement in the bond market, and there's been plenty of that.

Yesterday's market movement was good for rates after starting out near the worst levels since February. This allowed most lenders to make positive adjustments, thus getting the average back under 7% by the end of the day.

Things started on a weaker note yet again today, but in a far gentler way. Because the underlying bond market was in roughly the same spot as it was when mortgage lenders revised their rates yesterday, today's average remained unchanged.

All that having been said, it's important to note that these are averages. Because different lenders react to market movement in slightly different ways at different times of day, an individual lender may be noticeably better or worse than yesterday depending on when you look.

The thing that should generally be true is this: by the end of business today, most lenders should be very close to their highest rate offering of the past month, roughly matching either yesterday's or last Wednesday's highs.

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

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- 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...

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