

MARKET SUMMARY

Complete Recap of Today's Market Activity

Slightly Stronger Because Not Every Day Can be Weaker

Market Summary: Thursday, May 22, 2025 - 7:12PM

Bond yields have moved almost exclusively higher in May. At the very least, they've been in an incredibly linear uptrend. Uptrends wouldn't last very long if there wasn't some push and pull (think 2 steps forward, 1 step back). And that brings us to the best case for today's gains: sellers are taking a breath. Not every day can be a sell-off. To be sure, the gains weren't inspired by data or any new fiscal developments. We can attempt to force the mid-day pop to fit a fiscal narrative based on a comment on the Senate's time frame for a vote, but we could just as easily say it was position-squaring ahead of a holiday weekend with traders leaving at lunch time today and not coming back until the middle of next week.

Latest Video Analysis



Slightly Stronger Because Not Every Day Can be Weaker



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UMBS 5.5	98.24	+0.21	10YR	4.530%	-0.071%	5/22/2025 5:00PM EST
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Conspicuous Absence of Volatility After Data and Spending Bill Vote

The most significant development of the overnight session was the early morning passage of the spending bill in the House. This resulted in only a modest extension of losses in stocks/bonds, mostly because stocks/bonds (mostly bonds) have been pricing this in throughout the week. Yields actually managed to recover into positive territory before the 9:45am ET econ data, and haven't changed much since then. All in all, an exceptionally underwhelming level of volatility given the news and the fact that this is our only real morning of econ data this week.

- ALERT: Negative Reprices Becoming Likely Despite Stabilization in Bonds
- ALERT: Weakest Levels After 20yr Bond Auction

Today's Mortgage Rates

30YR Fixed	7.07%	-0.01%	15YR Fixed	6.37%	-0.02%	5/22/2025
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Mortgage Rates Edge Down From Recent Highs, But Remain Over 7%

hit their highest level in just over 3 months yesterday with financial markets generally protesting the absence of more serious spending cuts in the spending bill. Rates care about fiscal spending because higher spending requires higher Treasury issuance which, in turn, pushes rates higher, all else equal.

Although the House passed the bill early this morning, financial markets were already fairly well braced for the impact. Now that the Senate is saying the bill likely won't reach the President's desk until late Summer, markets are able to pause and reflect.

One conclusion that some investors are coming to is that yields on US Treasuries are increasingly attractive as they move up through the 4% range (and in the case of 30yr bonds, the 5% range). When investors buy more bonds, it puts downward pressure on rates.

As far as today was concerned, it didn't amount to much in terms of movement versus yesterday. The average lender is just a hair lower, but still over 7% for top tier 30yr fixed scenarios.

Time	Event	Actual	Forecast	Prior
Thursday, May 22				
8:30AM	May/10 Continued Claims (ml)	1903K	1890K	1881K
8:30AM	May/17 Jobless Claims (k) ★	227K	230K	229K
9:45AM	May S&P Global Manuf. PMI ☆	52.3	50.1	50.2
9:45AM	May S&P Global Composite PMI ☆	52.1		50.6
9:45AM	May S&P Global Services PMI ★★	52.3	50.8	50.8
10:00AM	Apr Existing home sales (ml) ☆	4M	4.1M	4.02M
10:00AM	Apr Exist. home sales % chg (%) ☆	-0.5%		-5.9%
1:00PM	10-yr TIPS Auction (bl)	18		
2:00PM	Fed Williams Speech ☆			
Friday, May 23				
8:10AM	Apr Building Permits (ml)	1.422M	1.412M	1.481M
10:00AM	Apr New Home Sales (%) (%)	10.9%		7.4%
10:00AM	Apr New Home Sales (ml) ☆	0.743M	0.692M	0.724M
12:00PM	Fed Cook Speech ☆			
2:00PM	Memorial Day Weekend ★★			

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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