

MARKET SUMMARY

Complete Recap of Today's Market Activity

Strongest Close of the Week After Well-Contained Month-End Volatility

Market Summary: Saturday, May 31, 2025 - 9:49PM

There was always a reasonably high bar for today's econ data to have a big impact. When it came out right in line with expectations this morning, that ship sailed. That left the month-end trading environment as the most likely source of inspiration. While we can certainly see some evidence of month-end volatility, it played out in a narrow range. More importantly, it resolved with bonds at the strongest levels of the week, even if by only a small margin.

Latest Video Analysis



Stronger Close After Well-Contained Month-End Volatility



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MBS & Treasury Markets

UMBS 5.5	99.00	+0.12	10YR	4.403%	-0.017%	5/30/2025 5:00PM EST
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Ho-Hum PCE Inflation Data Leaves Focus on Month-End Trading

Today's PCE Price Index is one of the two main consumer inflation reports put out by the US government. It's bigger and broader than CPI, but CPI comes out 2 weeks earlier than PCE. CPI and other data also enable traders to forecast PCE much more accurately. Due to the staleness and lower surprise potential, PCE tends to not garner as much of a reaction. Today's installment was even less likely than normal to move the needle as traders are more interested in the evolution of the inflation narrative over the next 6 months or so, with the idea being to allow enough time for tariff policy to stabilize and for any price pressures to be passed through. With the top tier data out of the way, bonds are free to get pushed around by the random, sometimes large trade flows associated with various forms of compulsory month-end trading. for that.

MBS MORNING: Overnight Trading Makes No Guarantees

UPDATE: Small Boost From Claims and GDP Revisions

Today's Mortgage Rates

30YR Fixed	6.95%	-0.02%	15YR Fixed	6.21%	-0.02%	5/30/2025
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Another Small Victory For Mortgage Rates

It has turned out to be a surprisingly calm week for and, as of today, largely a victorious one, even if the victories have been modest. Today's installment involves a 0.02% drop in the average top tier 30yr fixed rate. This brings the index to the lowest level of the week and a fairly decent 0.12% below last Friday's levels.

Most of this week's movement took place on Tuesday morning after markets returned from the holiday weekend. Movement has been minimal since then.

While economic data is a perennial source of inspiration for rates, none of this week's data had a major impact. In today's case, the PCE inflation data was in line with expectations, so it wouldn't have made a case for a rate reaction under normal circumstances, let alone the present environment in which that data is taken with a grain of salt as markets wait to see if tariff-driven inflation materializes over the coming months.

Time	Event	Actual	Forecast	Prior
Friday, May 30				
8:30AM	Apr Inflation-Adjusted Spending (Consumption) (%)	0.2%	0.2%	0.7%
8:30AM	Apr Wholesale inventories mm (%) ☆	0%	0.4%	0.4%
8:30AM	Apr Core PCE Inflation (y/y) (%) ★	2.5%	2.5%	2.6%
8:30AM	Apr Core PCE (m/m) (%) ★★	0.1%	0.1%	0.0%
9:45AM	May Chicago PMI ☆	40.5	45	44.6
10:00AM	May Consumer Sentiment (ip) ☆	52.2	51	52.2
10:00AM	May Sentiment: 5y Inflation (%) ☆	4.2%	4.6%	4.4%
10:00AM	May U Mich conditions ☆	58.9	57.6	59.8
10:00AM	May Sentiment: 1y Inflation (%) ☆	6.6%	7.3%	6.5%
12:20PM	Fed Bostic Speech ☆			
7:30PM	Fed Goolsbee Speech ☆			
Monday, Jun 02				
9:45AM	May S&P Global Manuf. PMI ☆	52	52.3	50.2
10:00AM	May ISM Manufacturing Employment	46.8		46.5
10:00AM	Apr Construction spending (%)	-0.4%	0.3%	-0.5%
10:00AM	May ISM Mfg Prices Paid ★	69.4	70.2	69.8
10:00AM	May ISM Manufacturing PMI ★★	48.5	49.5	48.7
10:15AM	Fed Logan Speech ☆			
12:45PM	Fed Goolsbee Speech ☆			
12:45PM	Fed Goolsbee Speech ☆			
1:00PM	Fed Chair Powell Speech ★★			

Recent Housing News

- Pending Home Sales Slip, But the Broader Story Remains the Same
- Purchase and Refi Demand Diverge Again
- Home Prices Falling or Growing Less Quickly?

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Calmer, Friendlier Week For Rates Amid Mixed Signals For Housing

In addition to being shorter than normal due to the Memorial Day holiday, there wasn't much meat on this week's event calendar- at least not as far as the rate market was concerned. Earnings releases caused some volatility in the stock market, but rates drifted sideways to slightly lower after a larger drop on Tuesday. Interestingly enough, Tuesday's drop was more to do with bond market improve...

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