

MARKET SUMMARY

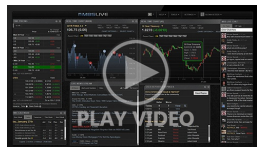
Complete Recap of Today's Market Activity

Softer Start Despite Tame ISM Manufacturing Data

Market Summary: Monday, June 2, 2025 - 12:48PM

The ISM Manufacturing PMI has more potential than most economic reports to cause a reaction in the bond market, even if it isn't perfectly consistent. As today's only big ticket data, it was well positioned to set the tone this morning. While it may not be doing that in a resounding fashion, one could still argue that the weaker result is least helping bonds avoid additional weakness.

Latest Video Analysis



Stronger Close After Well-Contained Month-End Volatility



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MBS & Treasury Markets

UMBS 5.5	98.81	-0.19	10YR	4.441%	+0.037%	6/2/2025 5:00PM EST
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Negative Reprice Risk Increasing

Bonds are selling off to the weakest levels of the day for debatable reasons (GDP Now update showing 4.6 vs 3.8 prev, perhaps? But that seems like a stretch).

10yr yields are quickly up 5 bps at 4.456 and MBS are down nearly a quarter point. Fortunately, most lenders were out with rates before the 10am rally and are thus only now seeing about an eighth of a point of weakness. Lenders who priced after 10am are at more risk of repricing.

MBS MORNING: Softer Start Despite Tame ISM Manufacturing Data

MBS MORNING: Ho-Hum PCE Inflation Data Leaves Focus on Month-End Trading

Today's Mortgage Rates

30YR Fixed	6.96%	+0.01%	15YR Fixed	6.23%	+0.02%	6/2/2025
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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.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
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 ★★			
Tuesday, Jun 03				
10:00AM	Apr Factory orders mm (%)	-3.7%	-3%	3.4%
10:00AM	Apr JOLTs Job Quits (ml) ☆	3.194M		3.332M
10:00AM	Apr USA JOLTS Job Openings (ml) ★	7.391M	7.10M	7.192M
10:10AM	Jun IBD economic optimism	49.2	49.1	47.9
12:45PM	Fed Goolsbee Speech ☆			
1:00PM	Fed Cook Speech ☆			
3:30PM	Fed Logan Speech ☆			
4:30PM	May Total Vehicle Sales (ml)	15.65M	16.3M	17.25M

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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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