

New Month Selling Trumps ISM Data

Market Summary: Tuesday, June 3, 2025 - 6:16AM

It's not that this morning's ISM data failed to help the bond market. In fact, it accounted for the highest volume of the day and the lowest yields of the day. But those yields were seized as an opportunity for seller to do what they'd already showed up to do earlier in the day. Bottom line, we had a bit of excess strength at the end of last week due to month-end trading and now a bit of a reversal as the new month gets underway. Yields are still nearer the lower end of the recent range, which makes today's modest correction all the less threatening.

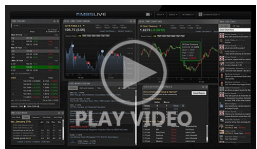


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Latest Video Analysis



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MBS & Treasury Markets

UMBS 5.5	98.83	+0.03	10YR	4.456%	+0.009%	6/3/2025 5:00PM EST
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Just a Bit More Reprice Risk

The first alert arrived amid minimal repricing risk due to morning rate sheet timing. Specifically, most lenders priced for the morning before the 10am rally and thus weren't seeing huge losses despite MBS being down more than an eighth from highs.

At this point, most lenders are seeing at least an eighth of a point of weakness from their AM rate sheet print time with MBS down a quarter point on the day. The weaker momentum looks to have leveled off with 10yr yields up 6bps at 4.465.

ALERT: Negative Reprice Risk Increasing

MBS MORNING: Softer Start Despite Tame ISM Manufacturing Data

30YR Fixed	6.96%	+0.00%	15YR Fixed	6.21%	-0.02%	6/3/2025
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Mortgage Rates Edge Higher to Start Busy Week

have been in an exceptionally narrow range since last Tuesday with the 30yr fixed index hovering just under 7%. The average lender is just a hair higher today versus last Friday, but still just under 7%.

As always, the index is best used as a tool to track day over day changes in rates rather than outright levels. Individual rate quotes can vary quite a bit depending on the scenario, lender, and discount points.

Monday's economic data consisted of a key report on Manufacturing from ISM. This report often has an effect on rates. It was fairly minimal this time, but it helped rates avoid a sharper increase.

As the week continues, several other important reports will be released. Friday's jobs report is traditionally the most closely watched when it comes to the rate market.

Time	Event	Actual	Forecast	Prior
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
Wednesday, Jun 04				
7:00AM	May/30 MBA Refi Index	611.8		634.1
7:00AM	May/30 MBA Purchase Index	155		162.1
8:15AM	May ADP jobs (k) ☆	37K	115K	62K
8:30AM	Fed Bostic Speech ☆			
9:45AM	May S&P Global Composite PMI ☆	53	52.1	50.6
9:45AM	May S&P Global Services PMI ★★	53.7	52.3	50.8
10:00AM	May ISM Services Prices	68.7		65.1
10:00AM	May ISM Services Employment	50.7		49.0
10:00AM	May ISM Biz Activity ★	50.0		53.7
10:00AM	May ISM N-Mfg PMI ★★	49.9	52	51.6
10:30AM	May/30 Crude Oil Inventory (ml)	-4.304M	-0.9M	-2.795M
1:00PM	Fed Cook Speech ☆			
2:00PM	Fed Beige Book			








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?

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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