

MARKET SUMMARY

Complete Recap of Today's Market Activity

Jobs Report Not Bad Enough to Justify The Lead-Off

Market Summary: Friday, June 6, 2025 - 1:58PM

The bond market was likely taking a bit of a lead-off ahead of today's jobs report, inspired by a string of weaker economic data over the past week. Wednesday's ADP and ISM data had an especially notable impact, prompting us to note the asymmetric risk associated with NFP at the time. In other words, traders were gearing up for a number that was even lower than the 130k consensus. When the actual number came out at 139k, there was a rush to get back into a more neutral position. While it's true that last month's NFP was revised to 147k from 177k, this is not significant evidence of weakness in the bigger picture. 177k was a big beat at the time and 147k is still quite healthy given current immigration dynamics. Top it all off with a relatively steady 4.2% unemployment rate and this report simply wasn't bad enough to justify the lead-off.

Latest Video Analysis



Bonds Dial Back Ahead of Big Jobs Report



Todd Hanley, RICP®,
CMA™

Senior Loan Officer, United
Direct Lending

<https://todd.mortgage>

M: (954) 806-5114

todd.hanley@uniteddirectlending.com

5500 NW Glades Rd
Boca Raton FL 33431-7367
LO71086



MBS & Treasury Markets

UMBS 5.5	98.58	-0.41	10YR	4.508%	+0.113%	6/6/2025 5:00PM EST
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Steady Losses; New Lows

Nothing new or exciting has happened since the jobs report this morning, but bonds have been selling to progressively weaker levels, even if the pace is super slow. With each tick lower in MBS, negative reprice risk increases incrementally. Lenders who priced in line with the market this morning are just now seeing an eighth of a point of weakness and could thus technically consider negative reprices.

Other lenders tend to price a bit more conservatively on mornings like this and thus could need to see a bit more weakness before getting into reprice risk territory.

MBS are down a total of 11 ticks (.34) on the day and 10yr yields are up 9.1bps at 4.486. Both are the weakest levels of the day.

MBS MORNING: Jobs Report Not Bad Enough to Justify The Lead-Off

ALERT: NFP Right in Line With Forecast; Some Selling

Today's Mortgage Rates

30YR Fixed	6.97%	+0.08%	15YR Fixed	6.22%	+0.08%	6/6/2025
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Mortgage Rates Little Changed, But Friday Could See a Bigger Move

began the day perfectly in line with yesterday's latest levels for the average lender. By the afternoon, the underlying bond market had lost enough ground that a handful of lenders were forced to issue mid-day reprices thus taking the average just a bit higher.

Unlike the past few days, there wasn't a highly important economic report to cause volatility this morning. The underlying bond market drifted into progressively weaker territory on a combination of factors. These included the market's reaction to the European Central Bank's policy announcement as well as headlines regarding a phone call between Trump and Xi that may lead to improved trade relations.

In general, lower tariffs and freer-flowing trade have resulted in stocks and rates moving higher together--what the market sometimes refers to as a "risk-on" move. Stocks notably ended up moving lower by the afternoon even as bond yields remained higher. We can reconcile this in several ways, but none of them are too important.

What's important is that tomorrow morning brings the big jobs report--the data that has the greatest potential to cause volatility for rates of any of this week's offerings. Potential isn't always realized. The farther the number falls from forecasts, the greater the potential impact, for better or worse.

Time	Event	Actual	Forecast	Prior
Friday, Jun 06				
8:30AM	May Average earnings mm (%) ★	0.4%	0.3%	0.2%
8:30AM	May Non Farm Payrolls (k) ★★	139K	130K	177K
8:30AM	May Participation Rate ☆	62.4%		62.6%
8:30AM	May Unemployment rate mm (%) ★★	4.2%	4.2%	4.2%
10:00AM	Fed Bowman Speech ☆			
3:00PM	Apr Consumer credit (bl)	\$17.87B	\$10.85B	\$10.17B
Monday, Jun 09				
10:00AM	Apr Wholesale inventories mm (%) ☆		0%	0.4%
11:00AM	May Consumer Inflation Expectations ☆			3.6%

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...

Mortgage Calculators

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