

MARKET SUMMARY

Complete Recap of Today's Market Activity

Dot Plot in Focus With Fed's "No Cut" Announcement

Market Summary: Wednesday, June 18, 2025 - 9:07AM

Bonds lost some ground after this morning's economic data, arguably in response to the Retail Sales control group beating its forecast. Higher-than-expected import prices could also have played a supporting role, but the selling was too modest to worry about perfectly allocating the blame. It was also erased by an afternoon rally that was best explained by general [risk-off](#) vibes surrounding geopolitical headlines. Here too, we're not seeing anything too compelling in terms of trading justification. The best bet on that front would be Wednesday's dot plot from the Fed (the chart showing each Fed member's rate outlook over the next few years). That will be released at 2pm with the "no cut" announcement.

Latest Video Analysis



Dot Plot is The Fed Day Focus



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MBS & Treasury Markets

UMBS 5.5	99.18	+0.13	10YR	4.366%	-0.018%	6/18/2025 1:07PM EST
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Econ Data Not Weak Enough to Help

Bonds were decently stronger in the overnight session, but not for any new, specific reasons. Trading levels have been cutting an increasingly narrow, sideways range. Until that changes, a moderate rally following 2 days of weakness is the least surprising outcome. But that was before the AM data, which featured Retail Sales at -0.9 vs =0.8 f'cast. One would think that's worth more bond buying, but the control group (retail sales excluding autos/gas/building materials) rose to 0.4 vs 0.3 and had a small positive upward revision to last month. We've seen the control group set the tone on several occasions regardless of the headline. With bonds losing some ground after the data, today seems like yet another example.

UPDATE: CORRECTION: Import Prices Flat (Not Lower)

UPDATE: Retail Sales Mixed; Import Prices Lower

30YR Fixed	6.87%	-0.01%	15YR Fixed	6.13%	-0.03%	6/18/2025
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Mortgage Rates Slightly Lower Ahead of Fed Day

continue operating in a narrow range with almost every day of the past two months falling between 6.8 and 7.0% for a top tier 30yr fixed scenario. Today's average rate fell 0.03 after moving up 0.06 since June 12th.

This morning's most relevant potential influence--the Retail Sales report--turned out to have a limited impact this morning. To be fair, when rates are as stable as they have been, there's no need to overanalyze their underlying motivations. For those determined to do it anyway, today's best example may have been general market anxiety surrounding war in the Middle East.

We have yet to see any huge market reaction in response to any of the geopolitical headlines, but there was a reaction that played out over the course of several hours that helped the bond market gain some ground. When bonds improve, mortgage lenders are able to offer lower rates.

Tomorrow's Fed announcement adds to the potential volatility in a more serious way. This has nothing to do with "cut vs no cut" (there is zero chance of a rate cut tomorrow) and everything to do with the other information the Fed presents on announcement days. Of this info, it is the dot plot (a chart in the Fed's economic projection materials that show each Fed members' rate outlook over the next few years) that carries the most weight.

Caveat: POTENTIAL volatility is just that. Sometimes Fed announcement days end up leaving rates fairly unchanged. There's no way to now which way things will move ahead of time, only that the risk is higher than normal.

Time	Event	Actual	Forecast	Prior
Wednesday, Jun 18				
7:00AM	Jun/13 MBA Refi Index	692.4		707.4
7:00AM	Jun/13 MBA Purchase Index	165.8		170.9
8:30AM	May Housing starts number mm (ml)	1.256M	1.36M	1.361M
8:30AM	May Building Permits (ml)	1.393M	1.43M	1.422M
8:30AM	Jun/07 Continued Claims (ml)	1945K	1940K	1956K
8:30AM	Jun/14 Jobless Claims (k) ★	245K	245K	248K
10:30AM	Jun/13 Crude Oil Inventory (ml)	-11.473M	-2.3M	-3.644M
2:00PM	Interest Rate Projection - Longer	3%		3%
2:00PM	Interest Rate Projection - 2nd Yr	3.4%		3.1%
2:00PM	Interest Rate Projection - Current	3.9%		3.9%
2:00PM	Interest Rate Projection - 1st Yr	3.6%		3.4%
2:00PM	Fed Interest Rate Decision ★★	4.5%	4.5%	4.5%
2:00PM	FOMC Economic Projections ★★			
2:30PM	Fed Press Conference ★★			
2:30PM	Powell Press Conference ★★			
Thursday, Jun 19				
12:00AM	Juneteenth ★★			

Recent Housing News

- Purchase Demand Near 2 Year Highs; Refis Bounce Back
- Application Demand Ebbs For Both Purchases and Refis
- Pending Home Sales Slip, But the Broader Story Remains the Same

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Good News on Inflation, But Don't Expect a Fed Rate Cut

The juxtaposition of last week's jobs report and this week's Consumer Price Index (CPI) created a fair amount of volatility, but for fans of low mortgage rates, it's too soon to care. Whether we're talking about interest rates in general or the Federal Reserve, both are sensitive to any major changes in the economy and inflation. Among economic data, last week's jobs report is the most capable ...

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