

MARKET SUMMARY

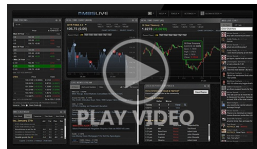
Complete Recap of Today's Market Activity

AM Data Possibly Arguing For a Bounce

Market Summary: Tuesday, July 1, 2025 - 3:31PM

Tuesday brings the week's first decent dose of meaningful economic data with both S&P/ISM Manufacturing PMIs and Job Openings. The PMI data was somewhat more debatable with headline levels slightly stronger than expected, but some internal components remaining bond-friendly. Job openings data was less equivocal, suggesting a marked bounce versus last month's lower levels (and the previous month's cycle lows). In other words, job openings now look more like they're leveling off after falling rapidly from 2022 through late 2024 or early 2025, depending on how one chooses to view the trend. Bonds have been more interested in responding to the job openings data, and this has MBS moving quickly back to yesterday's lows and yields near yesterday's highs.

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MBS & Treasury Markets

UMBS 5.5	99.93	-0.14	10YR	4.241%	+0.016%	7/1/2025 5:00PM EST
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Weakest Levels of The Day

MBS are now down a quarter point on the day and just over a quarter from the highs. Lenders who priced early in the morning are seeing 6 ticks (.19) of weakness from rate sheet print times and are thus at risk of repricing.

10yr yields are up 5bp at 4.273. Data drove the initial selling, but potential Senate passage of the spending bill is keeping the pressure on.

MBS MORNING: AM Data Possibly Arguing For a Bounce

UPDATE: Giving Up Overnight Gains

Today's Mortgage Rates

30YR Fixed	6.67%	+0.00%	15YR Fixed	5.91%	+0.00%	7/1/2025
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Mortgage Rates Hold Steady at 3 Month Lows

It's been 88 days since the average 30yr fixed mortgage rate was as low as it is today--close enough to 3 months. Some lenders may be higher or lower than they were yesterday depending on whether or not changed rates yesterday afternoon.

Mortgage lenders prefer to set rates once per day, but can "reprice" if the underlying bond market moves enough in one direction or the other. Bonds improved enough yesterday afternoon for many lenders to offer slightly lower rates. Those lenders are a hair higher today, generally.

In terms of the underlying bond market, things are just a bit better right now compared to yesterday morning and just a bit worse compared to yesterday afternoon. That deterioration mainly followed this morning's job openings data which showed another increase from the longer-term lows seen 2 months ago. Rates typically move higher if job openings are higher than expected, all else equal.

But today's data-driven volatility is nothing compared to what could be seen on Thursday morning following the big jobs report (officially, the "Employment Situation" which offers a count of jobs created in June as well as an update to the unemployment rate).

Time	Event	Actual	Forecast	Prior
Tuesday, Jul 01				
9:30AM	Fed Chair Powell Speech ☆			
9:45AM	Jun S&P Global Manuf. PMI ☆	52.9	52	52
10:00AM	Jun ISM Manufacturing Employment	45.0	47	46.8
10:00AM	May Construction spending (%)	-0.3%	-0.2%	-0.4%
10:00AM	May JOLTs Job Quits (ml) ☆	3.293M		3.194M
10:00AM	May USA JOLTS Job Openings (ml) ★	7.769M	7.3M	7.391M
10:00AM	Jun ISM Mfg Prices Paid ★	69.7	69	69.4
10:00AM	Jun ISM Manufacturing PMI ★★	49.0	48.8	48.5
10:10AM	Jul IBD economic optimism	48.6	50.1	49.2
7:00PM	Jun Total Vehicle Sales (ml)	15.3M	15.5M	15.65M
Wednesday, Jul 02				
7:00AM	Jun/27 MBA Purchase Index	165.3		165.2
7:00AM	Jun/27 MBA Refi Index	759.7		713.4
7:30AM	Jun Challenger layoffs (k)	47.999K		93.816K
8:15AM	Jun ADP jobs (k) ☆	-33K	95K	37K
10:30AM	Jun/27 Crude Oil Inventory (ml)	3.845M	-2M	-5.836M

Recent Housing News

- Pending Home Sales Data Scores Some Points, But Not Enough to Change The Game
- New Home Sales Drop to Lower End of Range After Hitting The Highs Last Month
- Mortgage Applications Buoyed by FHA Refis

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Rates Closing in on 8 Month Lows

After going to great lengths to explain why the Fed Funds Rate isn't the same as mortgage rates, we'll now have to discuss how the Fed nonetheless found a way to push rates lower this week. We already know the Fed held rates steady last week, and we've discussed the fact that mortgage rates wouldn't necessarily have fallen even if the Fed had cut the Fed Funds Rate. But mortgage rates definitel...

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