

MARKET SUMMARY

Complete Recap of Today's Market Activity

Traders Buy The Dip After AM Data

Market Summary: Wednesday, July 2, 2025 - 3:38AM

After a bit of overnight strength and an early morning pull-back, bonds were right in line with yesterday afternoon's levels ahead of the 10am data. JOLTS (job openings) pushed yields back to yesterday's highs--perhaps with some help from the Senate's passage of the spending bill, but at that point, traders bought the dip in bond prices and pushed back into the day's range. It wasn't enough to get back to positive territory, but it made the day less of an obvious turning point in the bigger-picture. Perhaps a better way to say it would be that bonds still look open-minded when it comes to responding to Thursday's jobs report and next week's CPI.



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Latest Video Analysis



Traders Buy The Dip After AM Data

MBS & Treasury Markets

| | | | | | | |
|----------|-------|-------|------|--------|---------|---------------------|
| UMBS 5.5 | 99.85 | -0.08 | 10YR | 4.285% | +0.046% | 7/2/2025 5:00PM EST |
|----------|-------|-------|------|--------|---------|---------------------|

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 | 6.73% | +0.06% | 15YR Fixed | 5.97% | +0.06% | 7/2/2025 |
|------------|-------|--------|------------|-------|--------|----------|

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 |
|-------------------|---------------------------------|----------|----------|----------|
| 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 |
| Thursday, Jul 03 | | | | |
| 8:30AM | Jun Average earnings mm (%) ★ | 0.2% | 0.3% | 0.4% |
| 8:30AM | May Trade Gap (bl) | \$-71.5B | \$-71B | \$-61.6B |
| 8:30AM | Jun/21 Continued Claims (ml) | 1964K | 1960K | 1974K |
| 8:30AM | Jun Non Farm Payrolls (k) ★★ | 147K | 110K | 139K |
| 8:30AM | Jun/28 Jobless Claims (k) ★ | 233K | 240K | 236K |
| 8:30AM | Jun Unemployment rate mm (%) ★★ | 4.1% | 4.3% | 4.2% |
| 8:30AM | Jun Participation Rate ☆ | 62.3% | | 62.4% |
| 9:45AM | Jun S&P Global Services PMI ★★ | 52.9 | 53.1 | 53.7 |
| 9:45AM | Jun S&P Global Composite PMI ☆ | 52.9 | 52.8 | 53 |
| 10:00AM | May Factory orders mm (%) | 8.2% | 8.2% | -3.7% |
| 10:00AM | Jun ISM Biz Activity ★ | 54.2 | | 50.0 |
| 10:00AM | Jun ISM Services Prices | 67.5 | | 68.7 |
| 10:00AM | Jun ISM Services Employment | 47.2 | | 50.7 |
| 10:00AM | Jun ISM N-Mfg PMI ★★ | 50.8 | 50.5 | 49.9 |
| 11:00AM | Fed Bostic Speech ☆ | | | |
| 2:00PM | Happy 4th!! ★★ | | | |

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

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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