

MARKET SUMMARY

Complete Recap of Today's Market Activity

Traders Buy The Dip After AM Data

Market Summary: Wednesday, July 2, 2025 - 9:34AM

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.

Latest Video Analysis



Traders Buy The Dip After AM Data



Mike Mihelcic

Associate, Re/Max Alliance

www.remax.com/.../102293806

P: (618) 656-2111

M: (618) 339-5752

remaxmike2012@gmail.com

1121 University Drive
Edwardsville IL 62025



Drew Stiegemeier

Mortgage Banker, Frontier
Mortgage

frontierhomemortgage.com/drew

P: (636) 898-0888

M: (618) 779-7507

1406168

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MBS & Treasury Markets

UMBS 5.5	99.85	-0.08	10YR	4.285%	+0.046%	7/2/2025 5:00PM EST
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Bonds Erasing Overnight Losses After Sharply Weaker ADP

- ADP Employment
 - -33k vs 95k f'cast, 29k prev

Bonds were moderately weaker in the overnight session but are erasing those losses after ADP employment came out much weaker than expected. 10yr yields are still slightly higher on the day, up 3bps at 4.27, but this has to do with yield curve steepening. 5yr yields, on the other hand, are back to unchanged.

MBS are also back to unchanged, which is understandable given their closer relationship with 5yr Treasuries these days. Either way, markets aren't going to crazy on this single report as it frequently gives a contrary signal to nonfarm payrolls.

ALERT: Weakest Levels of The Day

MBS MORNING: AM Data Possibly Arguing For a Bounce

Today's Mortgage Rates

30YR Fixed	6.73%	+0.06%	15YR Fixed	5.97%	+0.06%	7/2/2025
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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
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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