

MARKET SUMMARY

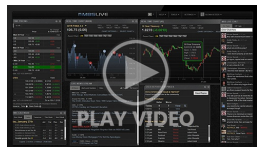
Complete Recap of Today's Market Activity

Bonds Think About Rallying on ADP Data, But Already Getting Cold Feet

Market Summary: Wednesday, July 2, 2025 - 11:39AM

ADP employment was this morning's key economic report and it came out sharply weaker than expected (-33k vs 95k f'cast). There are many past examples of a "miss" of this size prompting a swift rally on the bond market. Although that looked like it could have been in the works in the first few minutes, bonds have since reversed course and moved back in line with weaker overnight levels. What's up with that? To some extent, global bond markets are experiencing some pressure from a massive rout in UK debt over fiscal spending fears. Then there's the simple fact that ADP has such a hit and miss track record when it comes to predicting NFP. Recently, ADP has drifted much lower without NFP following suit.

Latest Video Analysis



Traders Buy The Dip After AM Data



Justin Lyons

Mortgage Banker, Frandsen Bank and Trust

results.frandsenbank.com

P: (218) 673-5015

M: (218) 590-8052

4803 Miller Trunk Highway
Duluth MN 55811

NMLS# 2068093



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

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- UPDATE: Bonds Erasing Overnight Losses After Sharply Weaker ADP
- ALERT: Weakest Levels of The Day

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 | May Trade Gap (bl) | | \$-71B | \$-61.6B |
| 8:30AM | Jun/21 Continued Claims (ml) | | 1960K | 1974K |
| 8:30AM | Jun Participation Rate ☆ | | | 62.4% |
| 8:30AM | Jun Average earnings mm (%) ★ | | 0.3% | 0.4% |
| 8:30AM | Jun/28 Jobless Claims (k) ★ | | 240K | 236K |
| 8:30AM | Jun Non Farm Payrolls (k) ★★ | | 110K | 139K |
| 8:30AM | Jun Unemployment rate mm (%) ★★ | | 4.3% | 4.2% |
| 9:45AM | Jun S&P Global Composite PMI ☆ | | 52.8 | 53 |
| 9:45AM | Jun S&P Global Services PMI ★★ | | 53.1 | 53.7 |
| 10:00AM | May Factory orders mm (%) | | 8.2% | -3.7% |
| 10:00AM | Jun ISM Services Prices | | | 68.7 |
| 10:00AM | Jun ISM Services Employment | | | 50.7 |
| 10:00AM | Jun ISM Biz Activity ★ | | | 50 |
| 10:00AM | Jun ISM N-Mfg PMI ★★ | | 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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