MARKET SUMMARY

Complete Recap of Today's Market Activity

Slow Start; Light Calendar This Week

Market Summary: Monday, July 7, 2025 - 11:40AM

Fresh off the rally reversal courtesy of last week's jobs report, the bond market now finds itself in a virtually data-free week with little else to inspire big departures from prevailing levels. From last Thursday's early close, there's been remarkably little movement so far. This is all the more notable given the fact that Thursday was the heaviest day of selling in several weeks, arguably ending the rally trend from the 2nd half of June. It's always possible that unexpected developments will stir things up, but for now, the most obvious flashpoint on the horizon is next week's CPI data.

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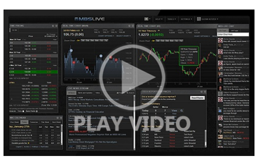
Market Movement Recap

09:57 AM	Modestly weaker overnight with MBS down less than an eighth and 10yr up 2bps at 4.367
11:09 AM	Steady weakness continues. MBS now down 5 ticks (.16) and 10yr up 3.4bps at 4.38

Latest Video Analysis



Big Market Reaction, But MBS Outperform

MBS & Treasury Markets

UMBS 5.5	99.47	-0.18	10YR	4.385%	+0.039%	7/7/2025 3:40PM EST

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In terms of trading levels and trends, the end of the recent rally means we're waiting to see if we get a sideways holding pattern or full-blown reversal of momentum. The latter feels like it might require some more justification--at least if 10yr yields were to challenge higher technical ceilings at 4.50+. About 10bps below that, however, is a perfectly acceptable target for bonds to reset for the next big move (again, most likely driven--or at least confirmed--by next week's CPI). A break below 4.34 wouldn't be inexplicably bullish, but 4.29 would require some more concrete motivation.

MBS MORNING: Jobs Report Comes in Stronger. Bonds React Logically

ALERT: Bonds Selling Off After Stronger NFP

Today's Mortgage Rates

30YR Fixed	6.79%	+0.04%	15YR Fixed	5.99%	+0.01%	7/7/2025

Mortgage Rates Rose Less Than Expected After Employment Data

Today brought the hotly anticipated jobs report. This is the "official" job count and unemployment rate data for the U.S. and no other report has as much consistent power to cause volatility in the rate market. Today's was particularly important because a perpetually decent labor market is the main justification for the Fed to wait and see if tariffs have an impact on inflation before proceeding with additional rate cuts.

In other words, if unemployment were rising, the Fed would be cutting rates. Not only did today's report show no rise in unemployment, there was actually a decline from 4.2 to 4.1%, falling well short of an expectation for an increase to 4.3%. In addition, the job count rose to 147k--a notable difference from the forecast consensus of 110k.

With that, the underlying bond market surged toward higher yields. When yields are surging higher, it implies upward pressure on , but the latter didn't take as much damage as the bond market suggested. The average lender was only slightly higher compared to yesterday, thus suggesting lenders were already getting in position for today's data earlier in the week.

This isn't to say lenders knew what was going to happen. Rather, rates had fallen to the lowest levels in several months as of Monday. Lenders could have dropped them even more, but with important data on the way and an extended holiday weekend ahead, they left themselves a bit of a cushion. That cushion helped absorb most of today's bond market movement without the need for big mortgage rate changes.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Monday, Jul 07				
Tuesday, Jul 08				
6:00AM	Jun NFIB Business Optimism Index		98.7	98.8
11:00AM	Jun Consumer Inflation Expectations ☆			3.2%
1:00PM	3-Yr Note Auction (bl)		58	
3:00PM	May Consumer credit (bl)		$10.5B	$17.87B

Recent Housing News

- Refis Pick Up Steam as Rate Relief Returns
- 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

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Rates Take a Breather After Surprisingly Strong Jobs Report

After a few good weeks for interest rates, things hit a bit of a speed bump this week thanks to a stronger-than-expected jobs report. The week started quietly. There was no important economic news on Monday, but behind the scenes, there was still plenty going on. Big financial firms often need to “rebalance” their investments at the end of a month or quarter—especially if stoc...

Mortgage Calculators

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