MARKET SUMMARY

Complete Recap of Today's Market Activity

Bonds Bracing For CPI Impact

Market Summary: Sunday, July 13, 2025 - 11:25AM

Stocks sold off quickly in the overnight session in response to the announcement of 35% tariffs on Canada. Bonds view such news as a double edged sword, but also drifted into weaker and weaker territory as the day progressed. Given that yields remained inside the week's range, we're more inclined to view this as an acceptable sideways drift ahead of big ticket data event: Tuesday's CPI report. It goes without saying that some of the market will have to be surprised by the outcome which either will or will not show that tariffs have begun impacted the data in a significant way. The farther from forecast, the larger the surprise and the potential bond market reaction. In that light, Friday's weakness could be viewed as a move to the sidelines ahead of the forthcoming revelations.

Wayne Tucker

Spectra Mortgage Corporation

www.spectramortgage.com

P: (303) 468-1985

M: (303) 884-4446

wtucker@spectramortgage.com

3900 S Wadsworth
Lakewood CO 80235

NMLS #:298382, Colorado #: MLO100009851
Spectra Mortgage Corporation
NMLS License: 387483

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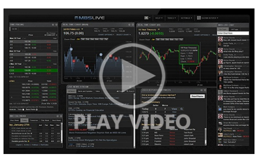

Bonds Bracing For CPI Impact

MBS & Treasury Markets

UMBS 5.5	99.33	-0.14	10YR	4.416%	+0.069%	7/11/2025 5:00PM EST

Down an Eighth From Mid-AM Highs

There hasn't been any big, new push toward lower levels in MBS, but rather a slow grind to the weakest levels of the day. One can never be sure what's running through lenders' minds at times like this. Some of them priced conservatively enough to clock out for the day. Others may be getting close to seeing just enough additional weakness for a modest negative reprice.

Either way, if you were planning on locking today, there's no sense in waiting. If you were planning on waiting for next week, nothing about the past few hours should change your mind.

MBS are down 6-7 ticks (.19-.22) depending on the moment and 10yr yields are up 7.7bps at 4.424.

MBS MORNING: Overnight Selling But Still in The Range

MBS MORNING: Week's Only Relevant Data is Not Bond-Friendly

Today's Mortgage Rates

30YR Fixed	6.82%	+0.03%	15YR Fixed	6.03%	+0.04%	7/11/2025

Highest Mortgage Rates of The Week, Just Barely

Yesterday, we characterized the prevailing mortgage rate momentum as "broadly sideways," and while that's still very true in the bigger picture, words like "up" and "higher" might need to be sprinkled in this week.

For those with a glass-half-empty approach, today's rates are the highest of the week and the highest since June 24th. For the optimists (and, in our view, the pragmatists), today's rates are virtually identical to those seen on Tuesday. Specifically, our 30yr fixed rate index is only 0.01% higher today--the smallest possible change.

Motivation for movement in rates and in the underlying bond market was in short supply this week. It would make more sense to view it as sort of hangover from last week's party (multi-month lows last Tuesday) followed by a wake up call at the end of last week from the stronger-than-expected jobs report.

Bonds (which drive rates) care about big-ticket economic data and the jobs report is one of the biggest tickets. If there's a worthy competitor at the moment, it's next week's Consumer Price Index (CPI)--an inflation report that may or may not show the onset of tariff-driven inflation.

Why would that matter?

First off, bonds simply don't like inflation and rates will generally be moving higher if inflation is moving higher. Additionally, the prospect of tariff-driven inflation is preventing the Federal Reserve from initiating rate cuts that would otherwise be justified by the current landscape of econ data and monetary policy.

Bottom line: if inflation does NOT show up in a big way in next week's CPI, the market could move fairly quickly to price in expectations for a lower Fed Funds Rate. THAT'S the thing that actually correlates with moving lower (as opposed to the official Fed rate cut that typically ends up being the end of a book that the market has already read).

Of course, the opposite scenario could play out at well (higher-than-expected inflation and another jump in mortgage rates).

There's no guarantee or even any reason to expect one outcome versus another.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Friday, Jul 11				
12:00AM	Roll Date - UMBS 30YR			
12:00PM	WASDE Report (%)			
2:00PM	Jun Federal budget, $ (bl)	$27B	$-11B	$-316B
Monday, Jul 14				

Recent Housing News

- Big Jump in Mortgage Demand, But Rates Are Already Rising Again
- Refis Pick Up Steam as Rate Relief Returns
- Pending Home Sales Data Scores Some Points, But Not Enough to Change The Game

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After Holiday Hangover, Rates Are Ready to Get Serious About Inflation Data

Mortgage rates partied hard for most of June and into the middle of last week--right up until stronger economic data killed the vibe. The resulting bounce in rates carried momentum through to the beginning of this week, but from there on out, things were broadly sideways. That's not too surprising considering the lack of virtually any major economic data this week. Such data is one of the...

Mortgage Calculators

- Mortgage Payment w Amortization
- Loan Comparison
- Advanced Loan Comparison
- Early Payoff
- Should I Refinance?
- Rent vs. Buy
- Blended Rate