

# MARKET SUMMARY

## Complete Recap of Today's Market Activity

### All Eyes on CPI

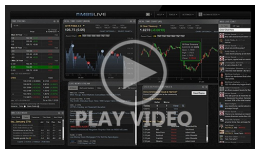
Market Summary: Monday, July 14, 2025 - 5:27PM

Bonds have sold off a bit so far in July, but haven't lost much more ground versus last Tuesday as of this afternoon. In other words, trading levels have been coiling for nearly a week as we've traversed a data-free calendar in anticipation of a very important CPI (Consumer Price Index). This is most notable opportunity yet for big-ticket data to show tariff impacts both because it's the first major report for June and also because several Fed members have specifically mentioned June's data as being likely affected. It doesn't take much to connect the dots from there. If the data isn't materially affected, rates should like it, and vice versa. As always, potential volatility is just that: potential. Data could thread the needle or go big in a specific direction. Either way, this is a report where the underlying components can outweigh the suggestion of the top line numbers, so the reaction may be counterintuitive at first.

#### Market Movement Recap

|          |  |
|----------|--|
| 10:16 AM | Sideways overnight. Slightly weaker at first, then recovering after 9:30am NYSE Open   |
| 12:18 PM | 10yr yields are up 2.7bps at 4.435 and MBS are down 5 ticks (.16) on the day and the same amount versus the highs of the day |
| 02:58 PM | Modest bounce, but still slightly weaker. MBS down an eighth and 10yr up 2bps at 4.428                                       |

#### Latest Video Analysis



All Eyes on CPI



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|          |       |       |      |        |         |                      |
|----------|-------|-------|------|--------|---------|----------------------|
| UMBS 5.5 | 99.17 | -0.17 | 10YR | 4.435% | +0.027% | 7/14/2025 5:00PM EST |
|----------|-------|-------|------|--------|---------|----------------------|

## Down an Eighth From Highs

It's been an interesting morning for bonds inside the broader sideways context. Yields fell at 9:30am, all the way into positive territory, briefly. Those gains reversed in the past 25 minutes and we're now back in line with the weakest levels.

10yr yields are up 2.7bps at 4.435 and MBS are down 5 ticks (.16) on the day and the same amount versus the highs of the day.

Some early lenders released rate sheets near those highs, so they could technically justify a negative reprice. That said, this amount of weakness tends to not be enough for most of them to pull the trigger.

- MBS MORNING: Empty Calendar and a Sideways Start
- ALERT: Down an Eighth From Mid-AM Highs

## Today's Mortgage Rates

|            |       |        |            |       |        |           |
|------------|-------|--------|------------|-------|--------|-----------|
| 30YR Fixed | 6.83% | +0.01% | 15YR Fixed | 6.03% | +0.00% | 7/14/2025 |
|------------|-------|--------|------------|-------|--------|-----------|

## Mortgage Rates Just a Hair Higher Ahead of Important Inflation Report

Today's movement in , in and of itself, is barely worth mentioning. The average lender remains close enough to Friday's levels but is technically just a hair higher. That fact is offset by the counterpoint that most of the past two months saw higher rates.

The future is far more interesting than the present--specifically, the immediate future. Tomorrow morning brings the release of the Consumer Price Index (CPI). This is one of the most important economic reports as far as are concerned and tomorrow's example is especially notable.

This CPI marks the first major opportunity for the official data to show (or not show) a meaningful impact on inflation from tariffs. Because the Fed has acknowledged this and because the prospect of tariff-driven inflation is the reason they're waiting to cut the Fed Funds Rate, things could get pretty spicy (in a good way) if CPI fails to show the expected uptick.

Conversely, there's every possibility that tariff-driven inflation does indeed show up in the data, in which case the path forward for rates is slightly less certain. It would really depend on the extent of the shift.

As it stands, the market is expecting the monthly change in core inflation to rise from 0.1% to 0.3% in this report. If it instead rose to 0.4% or higher, rates would likely move up. 0.2% or lower, and rates would likely recover a bit.

But even then, traders will look into the underlying composition of the number and assess whether changes were driven by tariff-dependent categories. For example, if CPI comes in at 0.2, but it was due to a big shift in rental costs or health care, rates could still rise if tariff-dependent categories showed higher inflation. Granted, this is a big "if," but the point is that the market will consider the nuance under the numbers as opposed to pure headlines.

| Time            | Event                      | Actual | Forecast | Prior |
|-----------------|----------------------------|--------|----------|-------|
| Monday, Jul 14  |                            |        |          |       |
| Tuesday, Jul 15 |                            |        |          |       |
| 8:30AM          | Jul NY Fed Manufacturing ☆ |        | -8       | -16   |
| 8:30AM          | Jun y/y Headline CPI (%) ☆ |        | 2.7%     | 2.4%  |
| 8:30AM          | Jun m/m Headline CPI (%) ★ |        | 0.3%     | 0.1%  |
| 8:30AM          | Jun y/y CORE CPI (%) ★★    |        | 3%       | 2.8%  |
| 8:30AM          | Jun m/m CORE CPI (%) ★★    |        | 0.3%     | 0.1%  |
| 9:15AM          | Fed Bowman Speech ☆        |        |          |       |
| 12:00PM         | NOPA Crush Report (%)      |        |          |       |
| 12:45PM         | Fed Barr Speech ☆          |        |          |       |
| 2:45PM          | Fed Collins Speech ☆       |        |          |       |
| 7:45PM          | Fed Logan Speech ☆         |        |          |       |

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...

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