

MARKET SUMMARY

Complete Recap of Today's Market Activity

Bonds Give Free Preview of Post-Powell Momentum

Market Summary: Thursday, July 17, 2025 - 8:15AM

Everyone loves a good free preview, but not all of the bond market enjoyed today's version. It involved reports that Trump was considering firing Powell. Forget the nitty gritty details because markets took it very seriously if volume is any indication (highest since tariff announcement week in April). Those who pay close attention were not-at-all-surprised to see longer-term yields RISING in response. After all, a more **dovish** Fed could only directly control overnight rates. This is enough to maybe help 2yr Treasuries and under, but from there on up, bonds price in higher inflation and lower global confidence in the dollar and US Treasuries. Trump later said he's not considering firing Powell, but bonds remained skeptical with 2yr vs 10yr spreads only reversing about half of the mid-day spike. This shows that traders felt a bit spooked about owning longer term debt in a world where something like this might actually happen, and thus re-allocated toward shorter-term debt for now. Scary-sounding stuff aside, 10yr yields and MBS both made solid enough gains on the day. All the drama transpired behind the scenes as far as rates were concerned (apart from a small handful of lenders who repriced for worse before repricing for the better).

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Bonds Give Free Preview of Post-Powell Momentum



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UMBS 5.5	99.13	+0.06	10YR	4.452%	-0.007%	7/17/2025 5:00PM EST
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Some Selling on Trump/Powell Headlines

TRUMP LIKELY TO FIRE POWELL SOON, WHITE HOUSE OFFICIAL SAYS

OFFICIAL CAUTIONS THERE IS NO EXACT TIMELINE

The newswires above are causing a huge explosion of volume in the bond market with the first 5 minutes outpacing the 5 minutes following yesterday's CPI release. 10yr yields have risen, which is to be expected in this scenario (i.e. shorter term bonds/bills would hold steady or improve based on expectations for a more Fed chair but the market would trade the longer end higher in yield).

10yr yields are nearly back to unchanged levels at 4.48.

MBS are doing a bit better by comparison--still up almost an eighth on the day, but also down an eighth from the highs. Jumpy lenders could technically justify a negative reprice if this move doesn't reverse course quickly.

- MBS MORNING: PPI Reaction Playing Out Better Than CPI So Far
- ALERT: Selling Continues; Reprice Risk Picking Up

Today's Mortgage Rates

30YR Fixed 6.82% -0.01%

15YR Fixed 6.07% -0.01%

7/17/2025

Mortgage Rates Mostly Sideways After Dodging Mid-Day Drama

This morning brought another inflation report. Given the negative reaction to yesterday's inflation data, there was some cause for concern. Thankfully, today's data was more unequivocally acceptable for the bond market and--thus--. Bonds improved fairly well into the late AM hours, but then, the drama!

Actually, there wasn't much drama for , but behind the scenes, lenders came very close to making mid-day adjustments toward higher rates. Some of them actually did, but most of those lenders later reversed course after the drama faded.

So what was it? In a nutshell, Trump discussed firing Fed Chair Powell with some other lawmakers. Word got out. Markets reacted.

Folks who follow this kind of stuff closely were not surprised to see that neither stocks nor longer term bonds (the stuff that dictates mortgage rates) were happy. To be clear, 10yr Treasury yields moved HIGHER, not lower, even though the assumption is that Powell's replacement would be more interested in cutting the Fed Funds Rate.

This is just the latest confirmation of something we often repeat: the Fed Funds Rate does not dictate mortgage rates even though the two can generally and broadly correlate over time. It's VERY important to note that the broad correlation is due to the fact that mortgage rates and the Fed Funds Rate share common motivations. If the Fed were to cut rates in a more arbitrary way (one that shows less regard for those motivations), it could actually be bad for longer term rates like mortgages. And today, it almost was!

There are a few reasons it could be bad. One has to do with relative impact on inflation. All else equal, a lower Fed Funds Rate suggests more inflation than a higher Fed Funds Rate. Bonds/rates hate inflation and rates will rise in the presence of excess inflation regardless of the Fed Funds Rate.

Trump ultimately issued a statement saying that, although he did discuss this stuff, he's not actually considering firing Powell. Stocks corrected fully, but bond traders remained somewhat more defensive. Fortunately, mortgage backed bonds recovered most of their losses for reasons that are much more esoteric than this already-fairly-esoteric explanation.

Bottom line, rates held relatively steady today despite getting a taste of the sort of volatility that could follow any fully-realized Fed Chair ouster.

Time	Event	Actual	Forecast	Prior
Thursday, Jul 17				
8:30AM	Jun Retail Sales (%) ☆	0.6%	0.1%	-0.9%
8:30AM	Jul/12 Jobless Claims (k) ★	221K	235K	227K
8:30AM	Jun Retail Sales (ex-autos) (%)	0.5%	0.3%	-0.3%
8:30AM	Jul Philly Fed Business Index ☆	15.9	-1	-4.0
8:30AM	Jul/05 Continued Claims (ml)	1956K	1970K	1965K
8:30AM	Jun Import prices mm (%)	0.1%	0.3%	0%
8:30AM	Jun Export prices mm (%)	0.5%	0%	-0.9%
8:30AM	Jul Philly Fed Prices Paid	58.80		41.40
8:30AM	Jun Retail Sales Control Group MoM ★	0.5%	0.3%	0.4%
10:00AM	May Business Inventories (%) ☆	0%	0%	0%
10:00AM	Jul NAHB housing market indx ☆	33	33	32
10:00AM	Fed Kugler Speech ☆			
1:30PM	Fed Cook Speech ☆			
6:30PM	Fed Waller Speech ☆			
Friday, Jul 18				
12:00AM	Roll Date - Ginnie Mae 30YR			
8:30AM	Jun Building Permits (ml)	1.397M	1.39M	1.394M
8:30AM	Jun Housing starts number mm (ml)	1.321M	1.30M	1.256M
10:00AM	Jul Sentiment: 1y Inflation (%) ☆	4.4%		5%
10:00AM	Jul Sentiment: 5y Inflation (%) ☆	3.6%		4%
10:00AM	Jul U Mich conditions ☆	66.8	63.9	64.8
10:00AM	Jul Consumer Sentiment (ip) ☆	61.8	61.5	60.7








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

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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