

MARKET SUMMARY

Complete Recap of Today's Market Activity

Deceptively Strong GDP Causing Early (Possibly Unjustified) Weakness

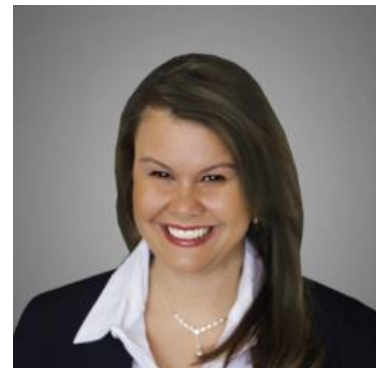
Market Summary: Wednesday, July 30, 2025 - 1:14PM

There were two key reports at the start of trading today. The 815am ADP data was fairly forgettable, coming in at 104k vs 75k f'cast, and -23k previously. This is well within a range of outcomes that are arguably inconsequential for bonds. Subsequent trading reflected that fact. 15 minutes later, GDP came out at 3.0 vs 2.4 f'cast, and -0.5 previously. Bonds are basically trading that GDP beat, even though we disagree that they should be. Reason being: true domestic demand metrics continued to fall. Q2 was inordinately helped by the same net export component that tanked Q1 numbers. Since the bond market weakness doesn't really make sense in this light, we can also consider that core PCE prices were 0.2 higher than expected which means tomorrow's monthly PCE data runs a higher risk of coming in hotter. Either way, bonds have only erased about half of yesterday's gains so far. The Fed announcement and press conference are more than capable of reversing this move or adding to the pain.

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Bonds Firing on All Cylinders



Deanna Adinolfo-Rivera

Community Lending
Powered by Lower, LLC.

NMLS# 1124061

M: (239) 878-0107

deanna@communitylendingfl.com

8191 College Pkwy Suite 203
Fort Myers, FL 33919

NMLS #327112



MBS & Treasury Markets

UMBS 5.5	99.44	-0.19	10YR	4.374%	+0.052%	7/30/2025 5:00PM EST
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Deceptively Strong GDP Causing Early (Possibly Unjustified) Weakness

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Contrast that to inflation adjusted sales to domestic purchasers, which continues a trend of contraction.

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ALERT: GDP Data Hurting a Bit

UPDATE: Essentially No Reaction to Slightly Stronger ADP

Today's Mortgage Rates

30YR Fixed	6.75%	-0.02%	15YR Fixed	6.03%	+0.00%	7/30/2025
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Mortgage Rates Moving Down Again

After three straight days at exactly the same level, average 30yr fixed rates began to move lower again on Tuesday. It should immediately be clarified that the word "began" implies a certain likelihood of continuation whereas no such likelihoods can be guaranteed when it comes to the bond/rate market. In other words, rates did indeed begin to move lower again, but they could stop moving lower as early as tomorrow.

One slight advantage in the present scenario is that the bond market improved steadily throughout the day and most mortgage lenders didn't drop their rates as much as the bond market improvement suggested. This means that the average lender could lower rates a bit more tomorrow assuming the underlying bond market stays exactly where it is right now.

Bonds could easily move either direction tomorrow morning. In addition to volatility that can occur during overnight/overseas trading, there are several big-ticket economic reports set to be released before mortgage lenders set their rates for the day. Then in the afternoon, the Fed announcement can create additional volatility.

Bottom line: today was good, lenders have a bit of a cushion from afternoon bond market gains, and tomorrow is another potentially volatile day (for better or worse).

Time	Event	Actual	Forecast	Prior
Wednesday, Jul 30				
7:00AM	Jul/25 MBA Refi Index	739.3		747.5
7:00AM	Jul/25 MBA Purchase Index	155.6		165.1
8:15AM	Jul ADP jobs (k) ☆	104K	75K	-33K
8:30AM	Q2 GDP deflator (%)	2%	2.2%	3.8%
8:30AM	Q2 GDP Final Sales (%)	6.3%		-3.1%
8:30AM	Q2 Core PCE Prices QoQ Final ☆	2.5%	2.3%	3.5%
8:30AM	Q2 GDP (%) ★	3%	2.4%	-0.5%
10:00AM	Jun Pending Home Sales (%) ☆	-0.8%	0.3%	1.8%
10:30AM	Jul/25 Crude Oil Inventory (ml)	7.698M	-2M	-3.169M
2:00PM	Fed Interest Rate Decision ★★	4.5%	4.5%	4.5%
2:30PM	Fed Press Conference ★★			
2:30PM	Powell Press Conference ★★			
Thursday, Jul 31				
7:30AM	Jul Challenger layoffs (k)	62.075K		47.999K
8:30AM	Jul/19 Continued Claims (ml)	1946K	1960K	1955K
8:30AM	Jun Personal Income (%)	0.3%	0.2%	-0.4%
8:30AM	Jun Inflation-Adjusted Spending (Consumption) (%)	0.3%	0.4%	-0.1%
8:30AM	Jun Core PCE Inflation (y/y) (%) ★	2.8%	2.7%	2.7%
8:30AM	Jul/26 Jobless Claims (k) ★	218K	224K	217K
8:30AM	Jun Core PCE (m/m) (%) ★★	0.3%	0.3%	0.2%
8:30AM	Q2 Employment costs (%) ★★	0.9%	0.8%	0.9%
9:45AM	Jul Chicago PMI ☆	47.1	42	40.4








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- High Prices and Rates Keep Home Sales Near Cycle Lows
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From Snooze to Surge: Big Data Week Could Rock Mortgage Rates

Mortgage rates ended the week at exactly the same levels as last Friday on average. This isn't too surprising given the extremely light and inconsequential nature of this week's scheduled economic data. Things get highly consequential next week with the arrival of the monthly jobs report—a cornerstone of market movement that nearly always generates one of the biggest trading d...

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