

MARKET SUMMARY

Complete Recap of Today's Market Activity

Markets Expected More Dovishness From Powell

Market Summary: Wednesday, July 30, 2025 - 11:25PM

AM data was a mixed bag that left bonds slightly weaker on the day, but not in an alarming way. GDP was mixed, coming in much stronger at the headline, but with lower domestic demand numbers. PCE prices were revised 0.2 higher for the quarter, meaning that tomorrow's monthly PCE data has a 1 in 3 chance of being the culprit (slightly raises risk of higher inflation reading). But the day's big focus was on Fed Chair Powell's press conference. The announcement itself was inconsequential. Powell had a chance to get a bit more **dovish** in response to recent inflation data, but instead stuck to the exact same script (hoping tariff inflation is a one-off, but wants to wait and see, and has luxury of doing so based on 4.1% unemployment). Bottom line: no bone thrown to rate cut optimists = Fed Funds Futures priced in lower odds for near-term cuts. This spilled into bonds only modestly, leaving 10yr yields in line with AM highs and leaving the broader trend as sideways as ever.

Latest Video Analysis



Markets Expected More Dovishness From Powell



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UMBS 5.5	99.41	-0.03	10YR	4.376%	+0.001%	7/31/2025 5:00PM EST
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Bonds Losing Ground During Powell Press Conference

In not so many words, bonds aren't getting the dovishness they were hoping for from Powell. MBS just gave up all of the day's rebound and are back down 5 ticks (.16) on the day and 6 ticks (.19) versus the post-FOMC highs.

10yr yields are up 5.6bps at 4.377.

Lenders who repriced for the better this afternoon could be considering negative reprices. Most any other lender was seeing similar MBS prices this morning when they set rates (thus limiting reprice implications).

- UPDATE: No Major Initial Reaction to Fed Announcement
- COMMENTARY: Here's What Changed in The New Fed Announcement

Today's Mortgage Rates

30YR Fixed	6.75%	+0.00%	15YR Fixed	6.03%	+0.00%	7/31/2025
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Mortgage Rates Sideways to Slightly Lower

Wednesday brought another incremental increase in the level and importance of the calendar events with the power to create volatility for rates. Some of the events were economic reports out earlier in the morning. The other 2 events consisted of the Fed's policy announcement and the subsequent press conference with Fed Chair Powell.

The economic data was generally unfriendly for rates. ADP's payroll count was higher than expected which suggests a higher risk that this Friday's official jobs report will follow suit (although the correlation is very weak over short time horizons). Stronger employment is bad for rates, all else equal.

The other key report was GDP. While overall growth picked up to 3.0% in Q2 (much stronger than the 2.4% forecast), there were nuances in the data that showed lower inflation-adjusted spending in the U.S. The aspect of the GDP data that was arguably more troublesome for rates was the increase in the PCE price index.

Because the GDP data is the first release of Q2, it means that June's PCE inflation is part of that quarterly PCE number (PCE, which stands for Personal Consumption Expenditures, is part of GDP if you're not confused enough already). Incidentally, the monthly PCE data for June also comes out tomorrow. In other words, today's quarterly data let us know that one of the 3 months in the quarter was higher than expected. It may turn out to have been April or May (which wouldn't be too bad for rates), but if the increase is concentrated in June's data, it could put more upward pressure on rates tomorrow.

The afternoon's Fed announcement did nothing to change the bigger picture although it did result in lower expectations for Fed rate cuts by the end of the year. The underlying bond market merely returned to the same levels from this morning and most mortgage lenders kept rates unchanged.

Thursday and Friday's economic data will decide our fate from here--especially Friday morning's jobs report.

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
- Mortgage Apps Eke Out Small Gain Thanks to Purchase Activity

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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