

MARKET SUMMARY

Complete Recap of Today's Market Activity

Big Old Rally After HUGE Downward NFP Revisions

Market Summary: Friday, August 1, 2025 - 4:19PM

Non-farm payrolls came in at 73k vs 110k, which is a pretty good thing for the bond market in and of itself. But the bigger story is in the net revisions to the last 2 months. 139k reported in June became 19k. 147k reported last month was revised to 14k! That means, on average, the last 2 NFPs were 126.5k lower. It completely reframes the current picture of the labor market in a way that argues for a rapid re-evaluation of Fed rate cut odds. The market agrees. Fed Funds Rate (FFR) expectations are plummeting. 2yr Treasury yields (more closely tied to FFR) are on fire--down more than 22bps! That's hot enough to warm up the rest of the yield curve with 10yr yields down more than 13bps at 4.239. MBS are up half a point. On a separate note, there's a lot of unfortunate commentary on social media about revisions and the Fed being 'too late' in light of the revisions. We'd note that in the past, when revisions like this have happened, the Fed has been quick to acknowledge and adjust. September's Fed meeting (and the next NFP that comes out 2 weeks prior) just became orders of magnitude more interesting than the Dos Equis guy.



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Latest Video Analysis



Month-End Volatility Erodes Modest Gains

UMBS 5.5	100.08	+0.67	10YR	4.219%	-0.152%	8/1/2025 5:00PM EST
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UPDATE: Huge, Instant Rally After Appallingly Low Payroll Count/Revision

ALERT: Slightly More Reprice Risk

30YR Fixed	6.63%	-0.12%	15YR Fixed	5.95%	-0.08%	8/1/2025
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Mortgage Rates Instantly Drop to 4 Month Lows After Jobs Report

Every month, we offer the same old warning/reminder ahead of the big jobs report--something to the effect of "no other economic report has as much power to cause volatility in rates, for better or worse." Days like today are the reason for that reminder. Thankfully, it was the "better" end of the spectrum.

Rates tend to improve when economic data is weaker than expected. Today's jobs report was only moderately weaker at the headline level (73k vs 110k forecast), but it was the revisions to the past months that really got the market's attention. Those revisions removed 253k jobs from the initially reported numbers.

Revisions are a fact of life for the jobs report. The BLS publishes them in detail:

This is a tough concept for folks outside the world of large scale data collection and statistics to understand, but the important point is that revisions happen because BLS does not or cannot receive complete data from employers in just one month. As more responses come in, the data is revised. The market is well aware of this methodology and traders are free to choose to react to a potentially less complete picture on month 1 or the final picture on month 3.

These particular revisions happened to a fair bit larger than the typical revision. That was important to different people for different reasons. When it comes to financial markets and the traders that trade the bonds that move , it was only important because it meant the labor market is in weaker shape than previously thought--a good reason to push rates quickly lower today. (Incidentally, many other economic reports suggested weaker labor market conditions last month and the jobs report bucked that trend by coming in higher. In other words, it is now more aligned with what the other data has been indicating.)

30yr fixed rates fell an eighth of a point with the day's initial rate sheets and some lenders are in the process of offering mid-day improvements this afternoon. This brings our rate index to its lowest levels since early April. By the time lenders are done making their afternoon adjustments, we could be at the lowest levels since mid-October 2024.

Time	Event	Actual	Forecast	Prior
Friday, Aug 01				
8:30AM	Jul Participation Rate ☆	62.2%		62.3%
8:30AM	Jul Average earnings mm (%) ★	0.3%	0.3%	0.2%
8:30AM	Jul Unemployment rate mm (%) ★★	4.2%	4.2%	4.1%
8:30AM	Jul Non Farm Payrolls (k) ★★	73K	110K	147K
9:45AM	Jul S&P Global Manuf. PMI ☆	49.8	49.5	52.9
10:00AM	Jun Construction spending (%)	-0.4%	0.0%	-0.3%
10:00AM	Jul ISM Manufacturing Employment	43.4		45.0
10:00AM	Jul Sentiment: 1y Inflation (%) ☆	4.5%	4.4%	5%
10:00AM	Jul Sentiment: 5y Inflation (%) ☆	3.4%	3.6%	4%
10:00AM	Jul Consumer Sentiment (ip) ☆	61.7	62	60.7
10:00AM	Jul U Mich conditions ☆	68.0	66.8	64.8
10:00AM	Jul ISM Mfg Prices Paid ★	64.8	70	69.7
10:00AM	Jul ISM Manufacturing PMI ★★	48.0	49.5	49.0
3:10PM	Fed Daly Speech ☆			
Monday, Aug 04				
10:00AM	Jun Factory orders mm (%)		-5.2%	8.2%
10:00AM	Jul Total Vehicle Sales (ml)		16.0M	15.3M

Recent Housing News

- Mortgage Applications Fall as Rates Held Near Highs
- Pending Home Sales Slip Again, Underscoring Market Stagnation
- Home Prices Still Rising Year-Over-Year, But Momentum Is Fading

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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...

Mortgage Calculators

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