MARKET SUMMARY

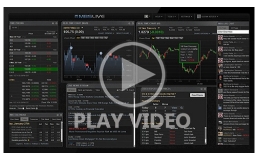
Complete Recap of Today's Market Activity

Bond Traders Quickly Revise Their Bullishness

Market Summary: Saturday, August 2, 2025 - 9:40AM

"Revision" is the word of the day as every armchair economist struggles to understand how the NFP revisions could be so big. Given that it's not 2020 or 2021, today's revisions were indeed on the large side (those years were MUCH larger... 2021's average NFP revisions was 159k). It speaks to a marked deterioration in the labor market or some limitation in BLS manpower/funding or methodology. Either way, markets traded it in a massive way. 2yr yields (more closely linked to Fed Funds Rate expectations) fell almost 30bps! Mortgage rates are back to mid October levels.

Latest Video Analysis



Bond Traders Quickly Revise Their Bullishness

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UMBS 5.5	100.08	+0.67	10YR	4.219%	-0.152%	8/1/2025 5:00PM EST

Big Old Rally After HUGE Downward NFP Revisions

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.

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

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.

Economic Calendar

Last Week | This Week | Next Week

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

Read My Latest Newsletter

The Jobs Report Was a Mess—Mortgage Rates Loved It

Last week, we said all bets were off until we saw Friday's jobs report—and that no other piece of economic data moves mortgage rates more reliably. This week proved why that warning is always worth repeating. It's not that the rest of the week was boring. In fact, the calendar from Monday through Thursday was packed with potentially interesting updates. Highlights included the...

Mortgage Calculators

- Mortgage Payment w Amortization
- Loan Comparison
- Advanced Loan Comparison
- Early Payoff
- Should I Refinance?
- Rent vs. Buy
- Blended Rate