

## Bonds Hold Steady After Modest Data-Driven Rally

Market Summary: Wednesday, August 6, 2025 - 5:56AM

Today's (and to be fair, this week's) only major econ data--ISM Services--was a mixed blessing for bonds this morning. The only headwind was the uptick in the inflation component to another post-pandemic high. The tailwinds involved all other components suggesting a mild economic deceleration. Traders ultimately gave more weight to the latter. Bonds were slightly weaker before the data, but ended the day closer to unchanged levels. MBS outperformed, presumably due to Treasuries facing down another week of heavy auction supply.

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Bonds Hold Steady After Modest Data-Driven Rally

### MBS & Treasury Markets

UMBS 5.5	100.28	+0.06	10YR	4.228%	+0.014%	8/6/2025 5:00PM EST
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## Mixed ISM Data Keeps Bonds In The Game

The ISM Services Index is/was easily this week's biggest ticket in terms of scheduled economic data. It was mostly OK for bonds with the growth-related components coming in slightly weaker. But the "prices paid" component remains problematic. At 69.9 vs 67.5 previously, the price component is at another new post-pandemic high for the 4th time this year. And of course, inflation is the biggest impediment to lower rates at the moment. Nonetheless, the remainder of the report was downbeat enough to offset the inflation implications, but just barely. Bonds are now just about unchanged after starting the day slightly weaker.

**UPDATE:** Small, Friendly Bounce After ISM Data

**MBS MORNING:** Holding Friday's Gains

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Today's Mortgage Rates

30YR Fixed	6.57%	-0.01%	15YR Fixed	5.93%	+0.00%	8/6/2025
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Mortgage Rates Holding at 10 Month Lows

Yesterday saw the average 30yr fixed rate fall back in line with levels from early October, 2024. This happened for two reasons. The broader, underlying reason is that rates have been in a fairly narrow, stable range and that range was already relatively closer to 10 month lows than 10 month highs.

The more specific reason is quite clearly the market's reaction to last week's jobs report. In other words, the prevailing range was the fuel and the jobs report was the match.

Little has changed so far in the present week as far as the underlying bond market is concerned. happened to fall yesterday mostly because they weren't able to fully adjust to bond market developments on Friday. To a lesser degree, modest, additional improvement in the bond market left no doubt that lenders could drop rates just a bit more.

Now today, bonds are even more 'unchanged' than yesterday. Given that yesterday's change was also modest, mortgage lenders didn't have any catching up to do. Thus, it's no surprise to see the average lender effectively right in line with yesterday's latest levels. Apart from yesterday (which is technically 0.01% higher), today's rates are also the lowest in 10 months.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Wednesday, Aug 06				
7:00AM	Aug/01 MBA Purchase Index	158.0		155.6
7:00AM	Aug/01 MBA Refi Index	777.4		739.3
10:30AM	Aug/01 Crude Oil Inventory (ml)	-3.029M	-1.1M	7.698M
1:00PM	10-yr Note Auction (bl) ★	42		
2:00PM	Fed Cook Speech ☆			
Thursday, Aug 07				
8:30AM	Jul/26 Continued Claims (k)	1974K	1950K	1946K
8:30AM	Aug/02 Jobless Claims (k) ★	226K	221K	218K
10:00AM	Jun Wholesale inventories mm (%) ☆	0.1%	0.1%	-0.3%
10:00AM	Fed Bostic Speech ☆			
10:20AM	Fed Musalem Speech ☆			
11:00AM	Jul Consumer Inflation Expectations ☆	3.1%		3%
1:00PM	30-Year Bond Auction ☆	4.813%		4.889%
1:00PM	30-Yr Bond Auction (bl) ☆	25		
3:00PM	Jun Consumer credit (bl)	\$7.37B	\$7B	\$5.1B

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## 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...

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