

MARKET SUMMARY

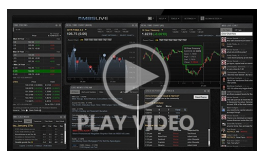
Complete Recap of Today's Market Activity

Bonds Eventually Pass on Decisive Reaction to Tuesday's Data

Market Summary: Wednesday, August 13, 2025 - 2:41AM

Right at the 8:30am release time, bonds rallied on core CPI almost perfectly hitting unrounded forecasts (.32 vs .31). Additionally, the 2.7% vs 2.8% annual headline number was another step in the right direction. As markets digested the internals, the "yeah but" trading emerged. "Yeah but" included supercore CPI (core services excluding housing) rising to 0.481 vs 0.212 month-over-month and evidence of the tariff impact via the highest annual core goods inflation since June 2023. So on one hand, declines in housing related inflation are finally helping keep the number down while other categories are pushing back in the other direction, keeping the broader numbers a bit stubborn. The mixed data and mixed market reaction place even more emphasis on the next jobs report when it comes to informing the next big move for rates.

Latest Video Analysis



Hot and Cold CPI Raises Stakes For Next Jobs Report



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MBS & Treasury Markets

UMBS 5.5	100.31	+0.21	10YR	4.234%	-0.056%	8/13/2025 5:00PM EST
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Gains Erased in 10yr; MBS Down an Eighth From Highs

Most of the post-CPI gains are now erased. In fact, 10yr yields are at new highs for the day, up 1.7bps at 4.301. This reaction is more in line with the internal components addressed in our

MBS are still technically stronger on the morning, but have given up all of the post-CPI gains. 2yr yields have also back-tracked, but Fed Funds Futures are still doing a bit better. Bottom line, only the very shortest-term debt is seeing any benefit at this point.

MBS MORNING: Mixed Reaction Thanks to Messy Internal CPI Components

UPDATE: Mixed CPI, Bonds Rallying

Today's Mortgage Rates

30YR Fixed	6.53%	-0.05%	15YR Fixed	5.90%	-0.02%	8/13/2025
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Mortgage Rates Hold Steady After Key Inflation Report

Pundits, politicians, and everyone else can continue to assume that will respond to changes to the Fed Funds Rate. Meanwhile the bonds that actually dictate mortgage pricing will continue responding to the most important economic reports. The two biggest examples are the monthly jobs report and today's release of the Consumer Price Index (CPI).

To be fair to those who are overly-focused on the Fed, there is a correlation between this data and the Fed's decision-making process. In other words, today's rates were at risk of moving higher or lower for the same reasons that the Fed might be more or less likely to cut rates in September. The Fed attempts to balance unemployment and inflation, in not so many words. Today's CPI showed that inflation has yet to fall decisively enough to guarantee a rate cut. On the other hand, it didn't rise enough to take a rate cut off the table.

In short, CPI was mixed. Some components showed tariff impacts and a costlier services sector. Other components showed ongoing softening in major categories such as housing-related expenses. The odds of a Fed rate cut actually improved for September. Shorter-term bonds also improved (no surprise, as they are highly correlated with Fed rate expectations).

But longer-term bonds (which includes the bonds that dictate mortgage rates) held steady. When this is the case, mortgage rates will almost always be roughly unchanged on the day.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Wednesday, Aug 13				
7:00AM	Aug/08 MBA Refi Index	956.2		777.4
7:00AM	Aug/08 MBA Purchase Index	160.2		158.0
7:30AM	Fed Barkin Speech ☆			
10:30AM	Aug/08 Crude Oil Inventory (ml)	3.037M	-0.8M	-3.029M
1:00PM	Fed Goolsbee Speech ☆			
1:30PM	Fed Bostic Speech ☆			
Thursday, Aug 14				
8:30AM	Aug/02 Continued Claims (k)	1953K	1960K	1974K
8:30AM	Jul Producer Prices (%)	0.9%	0.2%	0%
8:30AM	Aug/09 Jobless Claims (k) ★	224K	228K	226K
8:30AM	Jul Core Producer Prices YY (%) ★	3.7%	2.9%	2.6%
8:30AM	Jul Core Producer Prices MM (%) ★	0.9%	0.2%	0%
2:00PM	Fed Barkin Speech ☆			

Recent Housing News

- [Falling Rates Spark Modest Rebound in Mortgage Applications](#)
- [Mortgage Applications Fall as Rates Held Near Highs](#)
- [Pending Home Sales Slip Again, Underscoring Market Stagnation](#)

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Calmly Holding the Lowest Rates Since October, But for How Long?

Last Friday's jobs report sparked a big rally in the bond market, and thus a big improvement for mortgage rates. This week was very light in terms of market data and volatility, but it helped solidify the improvement from the jobs report. Specifically, the average lender wasn't even able to fully adjust their rates to account for market movement last Friday. When bonds maintained those ga...

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