

MARKET SUMMARY

Complete Recap of Today's Market Activity

Data-Free Rally Day

Market Summary: Wednesday, August 13, 2025 - 8:43PM

Wednesday represented this week's lull in terms of scheduled market movers on the calendar. Overnight gains came courtesy of strength in EU bonds as well as burgeoning expectations for a Fed rate cut at the September meeting (now roughly 100% priced-in according to Fed Funds Futures). There were no new reasons for changes in Fed Funds Futures beyond yesterday's CPI release, so chalk it up to general trade flow momentum. Thursday brings PPI which, while not as big a deal as CPI, can sometimes cause a noticeable reaction due to its impact on the broader PCE price index.

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Data-Free Rally Day

MBS & Treasury Markets

UMBS 5.5	100.14	-0.17	10YR	4.285%	+0.045%	8/14/2025 5:00PM EST
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Follow-Through Rally as Fed Rate Cut Expectations Increase

Bonds rallied overnight, largely in concert with lower EU yields. Stable inflation in Germany and lower oil prices helped. But there was also a tailwind from Fed Funds Futures which saw a further increase in the odds of a rate cut at the September meeting. While this is undoubtedly a better way to start the day compared to a sea of red on trading screens, and while a 4+ bp improvement in 10s is more than just an incidental, inconsequential rally in day over day terms, the bigger picture is actually quite boring. It's not an oversimplification to say that yields were orbiting 4.40% before the last jobs report and then rallied down to a 4.2-4.3 range afterward. CPI did no harm, so we remain in that range as we wait to see whether the next jobs report will justify only the 25bp cut currently expected by the market or whether it's weak enough to entertain a 50bp cut (unlikely for now, but a preponderance of weak data in the interim could change things).

ALERT: Gains Erased in 10yr; MBS Down an Eighth From Highs

MBS MORNING: Mixed Reaction Thanks to Messy Internal CPI Components

30YR Fixed	6.56%	+0.03%	15YR Fixed	5.94%	+0.04%	8/14/2025
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Mortgage Rates Hit New 10 Month Lows

October 3rd, 2024 continues to be the day to beat when it comes to hanging out at 10 month lows. Today's top tier 30yr fixed rate matched October 4th levels for the first time since then, just barely edging out last week's lowest levels.

Hitting the next milestone will be a much bigger challenge. The gap between October 3rd and 4th was about as big as they come with a single day move of more than 0.25%. To put that in perspective, the 5 months leading up to August didn't see a range much larger than 0.25%.

[thirtyyearmortgagerates]

But this comparison to a past milestone is much ado about nothing. Rates are as low as they've been in a long time and refi demand was already surging before the latest drop. If economic data weakens and if inflation stays manageable, we could see further improvement, and every little bit helps.

As for today's specific improvement, it wasn't the product of any major new development. Markets continued a delayed reaction to yesterday's Consumer Price Index (inflation data). Notably, rates moved lower in concert with Fed rate cut expectations. For all the time we spend pushing back on the belief that the Fed dictates mortgage rates, this is the one time that there's a sort of exception.

Specifically, mortgage rates do indeed tend to move the same direction as Fed rate **EXPECTATIONS**. This is mostly because the two share many common motivations and **NOT** because mortgage rates are waiting for a change in the actual Fed Funds Rate. A prime example was seen in late 2024 when mortgage rates hit long term lows only to begin moving higher when the Fed finally cut rates.

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

- Refi Demand Surged as Rates Hit Longer-Term Lows
- Falling Rates Spark Modest Rebound in Mortgage Applications
- Mortgage Applications Fall as Rates Held Near Highs

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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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- 📊 Blended Rate