

MARKET SUMMARY

Complete Recap of Today's Market Activity

Some Headwinds Ahead of Powell's Jackson Hole Speech

Market Summary: Thursday, August 21, 2025 - 3:07PM

Thursday brought the week's only relevant econ data with 3 occasional market movers on tap. Their results were mixed, but the important development was that the inflation components of the Philly Fed and S&P PMI data agreed that price pressures are alive and well. This made for a weaker start during the AM hours and that weakness was exacerbated by comments from Fed's Hammack (who said current data doesn't justify a September rate cut). A super strong 30yr TIPS auction at 1pm helped push back just a bit (which is quite remarkable as this essentially never has an impact). In the bigger picture, bonds could still be classified as drifting sideways to slightly weaker in a narrow range. Friday morning's speech from Fed Chair Powell isn't guaranteed to cause volatility, but it's the week's only true top-tier event in terms of volatility potential.

Market Movement Recap

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|----------|---|
| 08:37 AM | MBS are now down only 1 tick (.03) and 10yr yields are close to unchanged at 4.296 after being over 4.315 just before the data. |
| 09:03 AM | 10yr yields are back up to 4.312 (up 1.8bps on the day) and MBS are down 3 ticks (.09) on the day. |
| 09:52 AM | Weakest levels after PMI data. MBS down an eighth and 10yr up 3.3bps at 4.328 |
| 11:22 AM | MBS down 5 ticks (.16) on the day 10yr yields up 4.5bps on the day at 4.35. Fed's Hammack comments are the driver of the most recent weakness |
| 01:11 PM | Some resilience after strong 30yr TIPS auction (never have we ever seen a 30yr TIPS auction move the market). 10yr up 3.4bps at 4.329 and MBS down 3 ticks (.09). |

Latest Video Analysis



Inflation Data and Fed Comments Creating Headwinds



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UMBS 5.5	99.98	-0.07	10YR	4.329%	+0.034%	8/21/2025 3:06PM EST
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Losing More Ground After Fed's Hammack Comments

MBS are now down 5 ticks (.16) on the day and nearly an eighth of a point from some early lenders' rate sheet print times. 10yr yields are also up to new highs, up 4.5bps on the day at 4.35.

Fed comments are visibly adding to weakness as well as lower rate cut odds via Fed Funds Futures.

HAMMACK: NOT GOING TO SEE FULL TARIFF EFFECT UNTIL NEXT YEAR

HAMMACK: BIGGEST CONCERN IS INFLATION TOO HIGH, TRENDING UP

HAMMACK: WITH DATA NOW, WOULDN'T SEE CASE FOR SEPTEMBER CUT

This would be the earliest threshold for negative reprice risk among the jumpiest few lenders. It would likely take a bit more weakness for the average lender to consider repricing.

- MBS MORNING: Mixed Data Making For Weaker Start
- UPDATE: And.... It's Gone (Post Data Rally Erased)

Today's Mortgage Rates

30YR Fixed	6.62%	+0.01%	15YR Fixed	5.97%	+0.00%	8/21/2025
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Mortgage Rates Inch Higher Yet Again

In a world (like this one) where are dictated by bond market movement and where bonds take cues from certain economic reports, weeks like this one can be frustrating or boring. Until today, there haven't been any actionable economic reports to inspire a bond market reaction.

Unfortunately, today's data was relatively unfriendly for rates, primarily due to inflation implications in two separate reports (Philly Fed Index and S&P PMIs). Bonds also care about comments from Fed speakers and there were headwinds on that front as well with the Fed's Beth Hammack saying the data don't currently support a rate cut at the September meeting.

On a positive note, the damage to the bond market was minimal in the bigger picture. Thus, the impact on average mortgage rates was also minimal. While it's true that today's rates are the highest in nearly 3 weeks and 0.09% higher than the recent lows, it's also true that, apart from those 3 weeks, these are still the lowest rates since October 2024 and 0.13% lower than July 31st.

[thirtyyearmortgagerates]

Time	Event	Actual	Forecast	Prior
Thursday, Aug 21				
7:30AM	Fed Bostic Speech ☆			
8:30AM	Aug/16 Jobless Claims (k) ★	235K	225K	224K
8:30AM	Aug Philly Fed Business Index ☆	-0.3	7	15.9
8:30AM	Aug Philly Fed Prices Paid	66.80		58.80
8:30AM	Aug/09 Continued Claims (k)	1972K	1960K	1953K
9:45AM	Aug S&P Global Composite PMI ☆	55.4		55.1
9:45AM	Aug S&P Global Manuf. PMI ☆	53.3	49.5	49.8
9:45AM	Aug S&P Global Services PMI ★★	55.4	54.2	55.7
10:00AM	Jul CB Leading Index MoM (%)	-0.1%	-0.1%	-0.3%
10:00AM	Jul Existing home sales (ml) ☆	4.01M	3.92M	3.93M
10:00AM	Jul Exist. home sales % chg (%) ☆	2%		-2.7%
1:00PM	30-Yr Bond Auction (bl) ☆	8		
8:00PM	Jackson Hole Symposium ☆			
Friday, Aug 22				
10:00AM	Fed Chair Powell Speech ★★			
8:00PM	Jackson Hole Symposium ☆			

Recent Housing News

- Existing Home Market Still Crawling Along The Bottom Despite Modest Bounce
- Mortgage Applications Inconsequentially Lower vs Last Week
- Incentives Rise as Builder Confidence Matches 2022 Low

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Mortgage Rates Hit 10-Month Lows — Here’s Why a Fed Cut Might Not Help

Inflation data was in focus this week, with one major report helping mortgage rates officially hit new 10-month lows before the 2nd report pushed back in the other direction. The biggest report, Tuesday’s Consumer Price Index (CPI), was generally friendly for rates despite coming in right in line with forecasts. Some categories showed tariff-related price pressures, but easing in hou...

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