

## Jackson Hole Speech Delivers

Market Summary: Friday, August 22, 2025 - 11:43PM

Powell's Jackson Hole speech was this week's only big ticket in terms of market movement potential and it definitely delivered. We haven't heard from Powell since 2 days before infamous August 1st jobs report. His tone logically pivoted to place incrementally more focus on the Fed's full employment mandate while repeating that the base case is for tariff-driven inflation to be-- well--transitory. Combine that with his reminder that policy rates are still in restrictive territory and the takeaway was a subtle but obvious openness to consider a September cut. Traders were surprisingly surprised by this, thus making for a decent little rally in bonds. Gains arrived swiftly and hung out uneventfully through the close.

### Latest Video Analysis



We're All on Team Transitory Again



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### MBS & Treasury Markets

|          |        |       |      |        |         |                      |
|----------|--------|-------|------|--------|---------|----------------------|
| UMBS 5.5 | 100.36 | +0.38 | 10YR | 4.253% | -0.073% | 8/22/2025 5:00PM EST |
|----------|--------|-------|------|--------|---------|----------------------|

## Bonds Cheer Powell Pivot

Today's Jackson Hole speech gave Fed Chair Powell an opportunity to adjust his stance in light of much weaker jobs report that came out 2 days after the last Fed meeting. Powell had quite a bit to say, but the only thing the market really needed hear in order to facilitate a reaction was that the balance of risks may warrant adjusting policy. A close second was that tariff-driven inflation was unlikely to be a lasting dynamic given the downside risks to the labor market. Bonds rallied instantly on the release of the speech with short-term yields logically leading the way (due to their closer connection to Fed rate expectations). September rate cut odds moved back to the 90%+ levels seen earlier this week. 10yr yields are back in the middle of their August range and MBS are back near 2025's highs.

- UPDATE: Bonds Rallying on Dovish Powell
- ALERT: Losing More Ground After Fed's Hammack Comments

Today's Mortgage Rates

|            |       |        |            |       |        |           |
|------------|-------|--------|------------|-------|--------|-----------|
| 30YR Fixed | 6.52% | -0.10% | 15YR Fixed | 5.90% | -0.07% | 8/22/2025 |
|------------|-------|--------|------------|-------|--------|-----------|

Lowest Rates of The Year (Barely) After Powell Speech

Heading into the week, Fed Chair Powell's speech at the Fed's annual Jackson Hole Symposium was only event on the calendar that held much promise for motivating any major movement in . Not only did it deliver on that promise, but it did so in everyone's favorite direction.

Powell didn't pivot too much from his last major speech on July 30th. But in light of the weak jobs numbers that came out 2 days later, he understandably called out a shift in the balance of risk between inflation and employment.

In not so many words, like several other Fed members have pointed out in recent weeks, Powell essentially said the labor market is looking weak enough to entertain a rate cut in the near future, even as the inflation outlook remains somewhat uncertain.

The market began adjusting for this possibility on August 1st when the rocky jobs numbers came out. Today's speech was interpreted as additional validation of that move.

With that, mortgage rates saw their biggest drop since August 1st, just barely beating out August 13th's lows to claim 2025's lowest spot. October 3rd, 2024 was the last time the average 30yr fixed rate was any lower.

[thirtyyearmortgagerates]

Economic Calendar

Last Week | This Week | Next Week

| Time           | Event                      | Actual | Forecast | Prior  |
|----------------|----------------------------|--------|----------|--------|
| Friday, Aug 22 |                            |        |          |        |
| 10:00AM        | Fed Chair Powell Speech ★★ |        |          |        |
| 10:07AM        | Powell at Jackson Hole ★★  |        |          |        |
| 8:00PM         | Jackson Hole Symposium ☆   |        |          |        |
| Monday, Aug 25 |                            |        |          |        |
| 8:00AM         | Jul Building Permits (ml)  |        | 1.354M   | 1.393M |
| 10:00AM        | Jul New Home Sales (%) (%) |        |          | 0.6%   |
| 10:00AM        | Jul New Home Sales (ml) ☆  |        | 0.63M    | 0.627M |

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

## Powell's Speech Greased The Skids For Rates to Slide to 2025 Lows

If you read nothing else below, read this: people are talking about stronger odds of a Fed rate cut in September. Some people assume this means mortgage rates would move lower after that potential rate cut. Those people are wrong, and there is memorable evidence from late 2024 when mortgage rates moved quickly higher from long term lows mere days after the Fed's September rate cu...

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