

MARKET SUMMARY

Complete Recap of Today's Market Activity

Fairly Quiet Monday Considering Last Week's Noise

Market Summary: Monday, August 25, 2025 - 6:56PM

In last week's defense, it really wasn't that noisy, but Friday's Jackson Hole speech and subsequent bond rally made it seem like big things were happening. In actuality, bonds were simply getting back in line with the prevailing range that was carved out after the last jobs report and we'll probably be waiting for the next jobs report before that range is meaningfully challenged. Between now and then, what do you do if you're the bond market? Answer: have days like today with minimal movement and highs/lows that were easily contained by Friday's range (what traders refer to as "an inside day").

Market Movement Recap

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|----------|--|
| 10:12 AM | moderately weaker overnight and little-changed so far. MBS down an eighth and 10yr up 2.9bps at 4.29 |
| 01:10 PM | mid day gains. MBS unchanged and 10yr up less than 1bp at 4.269 |
| 03:57 PM | Heading out at just slightly weaker levels. MBS down 2 ticks (.06) and 10yr yield up 2bps at 4.28 |

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Fairly Quiet Monday



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MBS & Treasury Markets

UMBS 5.5	100.34	-0.01	10YR	4.275%	+0.015%	8/25/2025 5:00PM EST
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New Week, Same Struggles

Last week may have ended on a high note with bonds rallying on Powell's Jackson Hole speech, but perception was better than reality at the time. The reality was/is that Friday's rally merely reinforced the trading range that has been ongoing since the August 1st jobs report. At the present pace and considering the econ calendar in the week ahead, we could be waiting for next jobs report before seeing a meaningful challenge to that range (roughly 4.20-4.35 in 10yr yields). This week's key event is Friday's PCE inflation. Even if it doesn't tend to move markets as much as other reports, it's important confirmation. It's also worth more to the Fed when it comes to making a September rate cut decision.

MBS MORNING: Bonds Cheer Powell Pivot

UPDATE: Bonds Rallying on Dovish Powell

Today's Mortgage Rates

30YR Fixed	6.54%	+0.02%	15YR Fixed	5.93%	+0.03%	8/25/2025
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Mortgage Rates Edge Slightly Higher From Long-Term Lows

After last week's Jackson Hole speech from Fed Chair Powell, rates fell to their lowest levels since October 3rd, 2024, narrowly surpassing the recent long-term low seen on August 13th. Powell tacitly suggested a stronger possibility of a September Fed rate cut due to growing concerns about the labor market.

Now today, the market corrected mildly back in the other direction. The average lender's conventional 30yr fixed rates moved back up ever-so-slightly (roughly 0.02%), but remain essentially in line with 10-month lows.

It always bears repeating that have much more in common with Fed rate EXPECTATIONS in the marketplace than with the Fed Funds Rate itself. Specifically, if expectations for rate cuts are increasing, mortgage rates tend to fall at the same time.

The catch is that by the time the Fed ultimately holds its scheduled meeting and cuts rates, the market has long since priced that likelihood into prevailing levels. Thus, the actual Fed rate cut does little or nothing else to influence rates and the next wave of momentum takes cues from subsequent economic reports and developments.

Bottom line: the Fed Funds Rate is a battleship in a river whereas mortgage rates are far more nimble.

Time	Event	Actual	Forecast	Prior
Monday, Aug 25				
8:00AM	Jul Building Permits (ml)	1.362M	1.354M	1.393M
10:00AM	Jul New Home Sales (%) (%)	-0.6%		0.6%
10:00AM	Jul New Home Sales (ml) ☆	0.652M	0.63M	0.627M
Tuesday, Aug 26				
8:30AM	Jul Durable goods (%) ☆		-4%	-9.3%
8:30AM	Jul Core CapEx (%) ☆		0.3%	-0.7%
8:30AM	Fed Barkin Speech ☆			
9:00AM	Jun FHFA Home Price Index m/m (%)		0%	-0.2%
9:00AM	Jun FHFA Home Prices y/y (%) ☆			2.8%
9:00AM	Jun CaseShiller 20 mm nsa (%)			0.4%
9:00AM	Jun Case Shiller Home Prices-20 y/y (%) ☆		2.2%	2.8%
10:00AM	Aug CB Consumer Confidence (%) ☆		96.4	97.2
1:00PM	2-Yr Note Auction (bl)		69	

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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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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