

MARKET SUMMARY

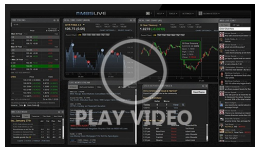
Complete Recap of Today's Market Activity

Modest, Incidental Victory

Market Summary: Wednesday, August 27, 2025 - 12:26AM

Bonds closed with MBS in line with their best levels of the day, up an eighth of a point. 10yr yields fell just under 1bp to 4.264. 2yr yields did better, shedding just over 4bps and extending their gap vs 10yr yields to the widest levels since the volatile days in early April. The AM news cycle credited the news of Trump firing the Fed's Lisa Cook for this "steepening" (a steeper slope between 2 and 10yr yields). Indeed, it may have contributed, but it's debatable whether this level of movement in the curve actually matters. 2s vs 10s have been holding a tight range since April with few days falling outside a range of 0.45 to 0.57. In the bigger picture, bonds are still counting the hours until next Friday's jobs report.

Latest Video Analysis



Does Yield Curve Steepening Matter

MBS & Treasury Markets

UMBS 5.5	100.47	-0.01	10YR	4.262%	-0.002%	8/27/2025 4:26AM EST
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Another Slow Start Despite Underlying Drama

Focusing only production MBS coupons and longer-term Treasuries, the bond market is off to another slow, sideways start today with minimal change versus yesterday. With all of this morning's data now reported, we've seen no measurable impact on bonds. The overnight session was a different story but not due to econ data. Rather, bonds responded to Trump's firing of Fed Governor Cook (a process that is more complicated than it sounds) with a steepening of the yield curve (2yr yields moved lower versus 10yr yields). The steepening is consistent with the view that Cook's replacement would be that much more supportive of an aggressive rate cut outlook (2yr Treasuries have more in common with the Fed Funds Rate than 10yr Treasuries). This isn't a major shift in the bigger picture and it remains to be seen how Cook's firing will actually play out.

MBS MORNING: New Week, Same Struggles

MBS MORNING: Bonds Cheer Powell Pivot



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Today's Mortgage Rates

30YR Fixed	6.52%	-0.02%	15YR Fixed	5.90%	-0.03%	8/26/2025
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Mortgage Rates Back in Line With Long-Term Lows

tend to move at least a little every day although they haven't been moving too much in the bigger picture recently. The only truly memorable move int he past few months occurred after the August 1st jobs report. It resulted in a 2-day drop from 6.75% to 6.57%.

The next closest contender was last Friday's reaction to Fed Chair Powell's Jackson Hole speech which took the index from 6.62 to 6.52. So far this week, we've been holding very close to those levels. Yesterday saw a modest bump and today pushed rates back down to Friday's levels. The end.

This week's movements could be classified as incidental, random drift. Such a trend is a logical interlude separating the news and events that actually matter to the big picture rate trend. Barring a major, unexpected development, the next high-consequence event is the jobs report due out next Friday. It would be no surprise to see a fairly drifty trend prevail until then.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Wednesday, Aug 27				
7:00AM	Aug/22 MBA Purchase Index	163.8		160.3
7:00AM	Aug/22 MBA Refi Index	894.1		926.1
10:30AM	Aug/22 Crude Oil Inventory (ml)		-2M	-6.014M
11:30AM	2-Yr Note Auction (bl)	28		
11:30AM	2-Year FRN Auction (%)			0.159%
12:45PM	Fed Barkin Speech ☆			
1:00PM	5-Yr Note Auction (bl) ★		70	
Thursday, Aug 28				
8:30AM	Q2 Corporate profits (%))			-3.3%
8:30AM	Aug/16 Continued Claims (k)		1970K	1972K
8:30AM	Q2 GDP Final Sales (%)		6.3%	-3.1%
8:30AM	Q2 GDP deflator (%)		2%	3.8%
8:30AM	Q2 Core PCE Prices QoQ Final ☆		2.6%	3.5%
8:30AM	Q2 GDP (%) ★		3.1%	-0.5%
8:30AM	Aug/23 Jobless Claims (k) ★		230K	235K
10:00AM	Jul Pending Home Sales (%) ☆		-0.1%	-0.8%
1:00PM	7-Yr Note Auction (bl) ★		44	
6:00PM	Fed Waller Speech ☆			

Recent Housing News

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

Read My Latest Newsletter

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...

Mortgage Calculators

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