

MARKET SUMMARY

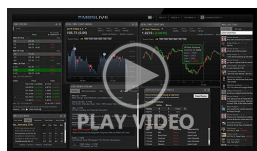
Complete Recap of Today's Market Activity

Calm Day to End A Calm Week

Market Summary: Sunday, August 31, 2025 - 5:18AM

While Friday itself may not have resulted in a rally for the broader bond market, it was nonetheless just as calm as any other day this week in terms of volatility. That's a bit more impressive considering it was the only day with big-ticket econ data. Overall, the week was marked by slow, steady gains for no particular reason. With that, the entirety of August, post-jobs-report did exactly what it was supposed to do. Specifically, it held a narrow enough range to avoid challenging the range set by the last jobs report day. The upcoming week--while shorter than normal due to the Labor Day holiday--is infinitely more capable of producing bond market volatility. Even the supporting actors are arguably heavy hitters in terms of econ data. Friday's jobs report speaks for itself. Bottom line: additional labor market weakness could easily help bonds break new ground at lower yields while unexpected resilience could firmly reinforce recent floors.

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Calm End to Calm Week

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Grace Modern Mortgage

www.gracemodernmortgage.com

P: (954) 945-8694

11820 Miramar Parkway
Miramar Florida 33025

NMLS 2347296



Selma Zollman

Loan Officer, Grace Modern
Mortgage

www.gracemodernmortgage.com/

P: (301) 806-0934

M: (301) 806-0934

[Szollman@gracemodernmortgage.c](mailto:Szollman@gracemodernmortgage.com)

11820 Miramar Parkway
Miramar FL 33025

MBS & Treasury Markets

UMBS 5.5	100.58	-0.02	10YR	4.229%	+0.024%	8/29/2025 4:59PM EST
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PCE Inflation Offers No Surprises

There are two big picture inflation reports in US that address consumer prices: CPI and PCE. Of the two, PCE is broader and more highly regarded by policymakers. The downside is that it comes out about 2 weeks later for the same month of price data. PCE is also easier to forecast due to other inflation data being out earlier in the month. As such, it's less common to see big deviations from forecasts and today was no exception with all monthly and annual numbers perfectly hitting expectations. Unsurprisingly, bonds haven't really changed from opening levels.

One of the only interesting developments (debatably, perhaps) is that the "supercore" reading (core services inflation excluding housing) was 0.1% lower in PCE versus the figures reported by bloomberg that were extrapolated from CPI 2 weeks ago. Supercore is still slightly elevated and has been trending higher, but 0.390 is a lot better than 0.481 (reported with CPI) when it comes to inflation staying out of the way of a Fed rate cut.

UPDATE: PCE Right In Line With Expectations

MBS MORNING: Fairly Steady After Glut of Low-Consequence Data

Today's Mortgage Rates

30YR Fixed	6.50%	+0.00%	15YR Fixed	5.86%	+0.00%	8/29/2025
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Rates End Week at Best Levels; Next Week Could be Huge

It was a very slow and steady week for . On all 5 days, the average top tier 30yr fixed rate moved by 0.02% or less. This is a small enough change that the average borrower wouldn't see any detectable difference in a loan quote from one day to the next. But due to most of the changes being toward lower rates, Thursday and Friday would be modestly but measurably better than the first 3 days of the week.

This is an ideal scenario for prospective borrower and mortgage professionals. One of the most frustrating and challenging realities of this industry is the extent to which rates can change over short periods of time. So not only did we enjoy the lowest rates in more than 10 months, but volatility was essentially non-existent to boot!

It's not a huge surprise to see this sort of stability given that there were no big-ticket risks on the event calendar this week. That changes in a major way in the week ahead. Right from the outset on Tuesday (Monday is a Federal holiday), there are relevant economic reports on all 4 days. Friday's jobs report is especially important considering it was the last jobs report that was primarily responsible for the recent rally to 10-month lows.

Bottom line: to whatever extent it was unlikely that the outgoing week would see much volatility, the forthcoming week is likely to be just the opposite, for better or worse.

Time	Event	Actual	Forecast	Prior
Friday, Aug 29				
8:30AM	Jul Personal Income (%)	0.4%	0.4%	0.3%
8:30AM	Jul Inflation-Adjusted Spending (Consumption) (%)	0.5%	0.5%	0.3%
8:30AM	Jul Wholesale inventories mm (%) ☆	0.2%	0.2%	0.1%
8:30AM	Jul Core PCE Inflation (y/y) (%) ★	2.9%	2.9%	2.8%
8:30AM	Jul Core PCE (m/m) (%) ★★	0.3%	0.3%	0.3%
9:45AM	Aug Chicago PMI ☆	41.5	46	47.1
10:00AM	Aug Consumer Sentiment (ip) ☆	58.2	58.6	61.7
10:00AM	Aug Sentiment: 5y Inflation (%) ☆	3.5%	3.9%	3.4%
10:00AM	Aug Sentiment: 1y Inflation (%) ☆	4.8%	4.9%	4.5%
10:00AM	Aug U Mich conditions ☆	61.7	60.9	68.0
Monday, Sep 01				
12:00AM	Labor Day ★★			

Recent Housing News

- Home Prices Still Growing, But at The Slowest Pace Since 2012
- New Home Market Remains Stuck in Neutral
- Mixed Mortgage Demand, But Lower Rates Should Help Next Week's Refi Numbers

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Calm Before the Storm: Rates Drift to 11-Month Lows Ahead of Critical Jobs Report

This past week was a classic placeholder for mortgage rates. With no big-ticket reports on the calendar, volatility stayed about as low as it gets. But even without fireworks, the market quietly added up small, steady improvements each day, ultimately pushing rates to their lowest levels since October 3rd, 2024. Each move was subtle. Rates never moved more than 0.02% on any given day. That...

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