

MARKET SUMMARY

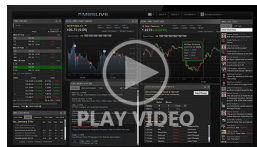
Complete Recap of Today's Market Activity

Still in The Range as Bonds Wait For Bigger Influences

Market Summary: Wednesday, September 3, 2025 - 5:55AM

Bonds were noticeably weaker to start the new month with most of the losses arriving after the start of European trading overnight. Indeed there was strong correlation between EU sovereign debt and Treasuries--especially at the EU opening bell. Some news stories suggested bonds were selling off due to news that an appeals court ruling that Trump tariffs were illegal, but that news was out on Friday night. If it were a compelling bond market motivation, it would have been more visible in the overnight trading that took place before the EU open. Either way, yields remained well within the prevailing range and it continues to be this week's big-ticket econ data that has the best chance of challenging that range for better or worse.

Latest Video Analysis



Still in The Range as Bonds Wait For Bigger Influences



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UMBS 5.5	100.57	+0.14	10YR	4.219%	-0.040%	9/3/2025 5:00PM EST
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Bonds Dealing With Holiday Hangover Despite Friendly Data

The Tuesday after Labor Day can have a mind of its own when it comes to financial markets--especially if it also happens to be the trading day of the month. Last week's month-end trading environment gave bonds an artificial, temporary boost and some of this morning's weakness could simply be due to the type of reversal often seen at the start of a new month. On more specific notes, EU inflation came in higher than expected and bond yields in several EU countries are at long-term highs (UK yields highest since 1998!). Despite thin trading conditions forex clearly showed a surge at the 3am EU open.

There is also the matter of a lower court ruling on the legality of tariffs. There's some speculation that this could result in tariffs needing to be paid back--something that would definitely hurt the bond market as it would imply additional Treasury issuance. We think it's far too soon to jump to such conclusions and while it could have a bearing on some early trading decisions, it wouldn't be a thematic driver until far more clarity is achieved several months down the road. Either way, damage is limited in the U.S., but still apparent with 10yr yields starting the day roughly 7bps higher. Weaker ISM Manufacturing data is helping erase some of the overnight losses, thus making a somewhat alarming morning only slightly unpleasant.

- MBS MORNING: PCE Inflation Offers No Surprises
- UPDATE: PCE Right In Line With Expectations

Today's Mortgage Rates

30YR Fixed	6.49%	-0.04%	15YR Fixed	5.85%	-0.03%	9/3/2025
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Mortgage Rates Slightly Higher to Start September

are based on bonds and bonds can do funny things on the first and last trading days of any given month. One of the most common "funny things" involves a decent amount of market movement for no apparent reason. In truth, there are always reasons, but on the first/last trading day of the month, they aren't the normal reasons (such as a reaction to economic data), and they're too esoteric to merit an explanation for the amount of movement seen today.

There are some less esoteric motivations in play as well. US bonds often take cues from European bonds when there isn't anything more compelling to offer directional guidance, and European bonds had a bad morning. The spillover to US bonds was apparent in the overnight hours.

Lastly, some news stories speculated that legal challenges to Trump tariffs could be contributing to higher rates. This highly unlikely given the timing of the news (it happened just after markets closed on Friday). If this were a motivation, it would have been apparent right when trading began for the new week on Sunday night in Asia. Instead, it wasn't until European markets opened that the bond market began pointing toward higher rates.

Motivations aside, rates didn't move too much higher. In terms of top tier 30yr fixed rates, the total damage was 0.03%, thus leaving the average lender right in line with the lowest levels since October 2024.

Time	Event	Actual	Forecast	Prior
Wednesday, Sep 03				
7:00AM	Aug/29 MBA Purchase Index	158.7		163.8
7:00AM	Aug/29 Mortgage Market Index	272.5		275.8
7:00AM	Aug/29 MBA Refi Index	902.5		894.1
9:00AM	Fed Musalem Speech ☆			
10:00AM	Jul Factory orders mm (%)	-1.3%	-1.4%	-4.8%
10:00AM	Jul JOLTs Job Quits (ml) ☆	3.208M		3.142M
10:00AM	Jul USA JOLTS Job Openings (ml) ★	7.181M	7.4M	7.437M
1:30PM	Fed Kashkari Speech ☆			
2:00PM	Fed Beige Book			
6:00PM	Aug Total Vehicle Sales (ml)	16.1M	16.1M	16.4M
Thursday, Sep 04				
7:30AM	Aug Challenger layoffs (k)	85.979K		62.075K
8:15AM	Aug ADP jobs (k) ☆	54K	65K	104K
8:30AM	Jul Trade Gap (bl)	\$-78.3B	\$-75.7B	\$-60.2B
8:30AM	Q2 Unit Labour Costs QoQ Final	1%	1.2%	6.9%
8:30AM	Aug/23 Continued Claims (k)	1940K	1960K	1954K
8:30AM	Aug/30 Jobless Claims (k) ★	237K	230K	229K
9:45AM	Aug S&P Global Services PMI ☆	54.5	55.4	55.7
9:45AM	Aug S&P Global Composite PMI ☆	54.6	55.4	55.1
10:00AM	Aug ISM Services Employment ☆	46.5		46.4
10:00AM	Aug ISM Biz Activity ☆	55.0	53	52.6
10:00AM	Aug ISM Services New Orders ☆	56.0		50.3
10:00AM	Aug ISM Services Prices ☆	69.2		69.9
10:00AM	Aug ISM N-Mfg PMI ★★	52.0	51	50.1
12:00PM	Aug/29 Crude Oil Inventory (ml)	2.415M	-1.8M	-2.392M
12:05PM	Fed Williams Speech ☆			
7:00PM	Fed Goolsbee Speech ☆			








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

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...

Mortgage Calculators

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-  Blended Rate