

MARKET SUMMARY

Complete Recap of Today's Market Activity

Bonds Positioning For Weaker NFP?

Market Summary: Thursday, September 4, 2025 - 7:43PM

One of the best things to understand about the jobs report is that the payroll count can go BIG in either direction, regardless of what the other data or labor market trends have been suggesting. Today's data suggested a predictable level of labor market weakness. This isn't something that would guarantee a bond rally, but that's nonetheless what happened. Rather than think of this as a "lead-off" or bonds getting in position for a weaker NFP, it's more accurate to treat such moves as a simple circling of the wagons as traders exit previously held [positions](#) to get neutral ahead of a high risk event. The movement in the yield curve is a solid clue here as it had steepened to what are essentially the highest levels since early 2022 by Wednesday morning and has been correcting ever since (correcting = 10s and 30s doing better than 2s and 3s). All of this is much ado about nothing. The point is as boring as it is true: bonds can rally or sell on Friday at a pace that's only really limited by the size of the beat/miss in the data.

Latest Video Analysis



Bonds Positioning For Weak Jobs Report?

MBS & Treasury Markets

UMBS 5.5	100.80	+0.22	10YR	4.162%	-0.056%	9/4/2025 5:00PM EST
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Mixed Data. Mixed Reaction

Thursday morning's slate of econ data was the most active of the week with claims, layoffs, ADP, and ISM Services (also the Trade Gap and Labor Costs, but those aren't really in the "market mover" category). Ironically, almost all of today's movement happened in the overnight session whereas the mixed data has seen a broadly sideways reaction. ADP was slightly weaker than expected, but it wasn't enough for bond buyers (there was modest selling after ADP). ISM was a bit stronger at the headline level, but the bond-bearish message was tempered by weak employment and a modest downtick in prices. Bottom line: this data isn't weak enough to prompt a friendly lead-off ahead of Friday's jobs report, but not strong enough to derail the overnight gains.



Matt Stout

the STR Loan Guy, E
Mortgage Capital &
Consumers Financial

P: (801) 403-1792

2834 S Highland Dr
Salt Lake City UT 84106
248427



MBS MORNING: JOLTS Data Bringing The Buyers

MBS MORNING: Bonds Dealing With Holiday Hangover Despite Friendly Data

Today's Mortgage Rates

30YR Fixed	6.45%	-0.04%	15YR Fixed	5.81%	-0.04%	9/4/2025
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Mortgage Rates Hit Another 2025 Low Ahead of a Potentially Volatile Friday

The jobs report is the most important scheduled event each month as far as are concerned. The last installment helped get the average 30yr fixed rate down from 6.75 to 6.50 because it came out much weaker than expected (in addition to revising the previous two months lower as well).

The shift in the labor market outlook led the market to firmly price-in a Fed rate cut at the next Fed meeting in 2 weeks. Other economic reports since then have been a bit less dire, but still suggested enough economic uncertainty for rates to stay at recent lows.

Today's data was the latest example. It wasn't far from market expectations, but that left the door open for traders to continue hedging against the possibility of more labor market deterioration in tomorrow's report. Average 30yr fixed rates moved just a bit lower and are now at another new low for 2025 (lowest since October 3rd, 2024).

The rate rally could easily accelerate if the jobs report is weaker than expected. But if the data is surprisingly strong, rates would almost certainly move back up. The magnitude of either move would depend on the magnitude of the surprise in the data.

Time	Event	Actual	Forecast	Prior
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 ☆			
Friday, Sep 05				
8:30AM	Aug Participation Rate ☆	62.3%		62.2%
8:30AM	Aug Average earnings mm (%) ★	0.3%	0.3%	0.3%
8:30AM	Aug Unemployment rate mm (%) ★★	4.3%	4.3%	4.2%
8:30AM	Aug Non Farm Payrolls (k) ★★	22K	75K	73K








Recent Housing News

- Refi Demand Improves While Purchase Applications Edge Lower
- Home Prices Still Growing, But at The Slowest Pace Since 2012
- New Home Market Remains Stuck in Neutral

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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