

MARKET SUMMARY

Complete Recap of Today's Market Activity

Another Weak Jobs Report. Another Bond Rally

Market Summary: Friday, September 5, 2025 - 12:33PM

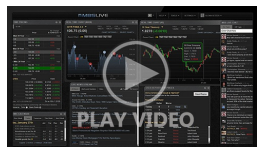
It's a fairly straightforward morning with NFP coming in much weaker than expected with additional net-negative revisions to the previous 2 months. The only real caveat is that the unemployment rate suggests a more gentle softening of labor market conditions--a fact that likely accounts for 10yr yields "only" being 6-7bps lower in the first half hour of post-NFP trading. The other way to account for it is to say that bonds had already rallied from 4.3 to 4.16 in the 3 days leading up to this morning. That overall move is about the same size as the 8/1 post-NFP rally. Either way, bad news for labor market is good news for rates.

Market Movement Recap

08:41 AM Stronger after NFP. MBS up a quarter point and 10yr down 6.1bps at 4.097

09:15 AM Rally continues. MBS up 3/8ths and 10yr down 9bps at 4.069

Latest Video Analysis



Bonds Positioning For Weak Jobs Report?



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UMBS 5.5	101.11	+0.30	10YR	4.087%	-0.071%	9/5/2025 4:33PM EST
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A Quick Note on Why Rates Seem to Drop More Quickly as They Approach Certain Thresholds

It may seem like today's bond market movement alone (3/8ths higher in MBS and 0.09% in 10yr yields) doesn't explain the pace of improvement in mortgage rates. For that, we'd need to consider the arcane underpinnings of the mortgage-backed securities (MBS) market. These are the bond-like instruments that represent large groups of mortgage debt that can be traded among investors.

MBS are broken out into coupons in 0.5% increments. Only certain mortgage rates are allowed in certain MBS coupons (think of them like buckets). The bucket that had been the most active could hold rates up to 6.625% and it is suddenly losing favor to the next lower bucket which holds rates up to 6.125%.

One need not necessarily understand all of that--just the implication that rates can drop more quickly than normal as they approach the upper limits of the next lower bucket. In other words, the recent stint of rates near 6.5% meant that the 6.625% bucket was hanging onto relevance and the 6.125% bucket was still a bit out of reach. Now today, the 6.125% is vying for higher relevance, thus the slippery slide down toward 6.125%.

NERD ALERT: for those that truly desire the underlying specifics, the upper bucket is a 5.5% UMBS coupon which can accommodate rates from 5.75 to 6.625 and the suddenly more fashionable bucket is the 5.0% UMBS coupon which holds rates from 5.25-6.125. MBS investors desire a certain sense of certainty about how long the underlying loans will last before mortgage borrowers refinance. By exhibiting stronger demand for the 5.0% UMBS coupon (the bucket that tops out at 6.125%), investors are basically saying they'd rather sacrifice a bit of present-day rate of return in exchange for more certainty of collecting that rate of return for a longer period of time in a market where rates are falling. Reason being: if they bought 5.5 UMBS and mortgage borrowers refinanced in the near future, that principal would now need to be reinvested at rates that could be even lower than they are today.

There's an even deeper dive in the MBS Live knowledge base .

MBS MORNING: Another Weak Jobs Report. Another Bond Rally

UPDATE: First Move After NFP is Stronger

Today's Mortgage Rates

30YR Fixed	6.29%	-0.16%	15YR Fixed	5.60%	-0.21%	9/5/2025
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Mortgage Rates Plummet Back to Fall 2024 Levels

It's a well-known fact that the monthly jobs report is more capable of causing big reactions in rates than any other economic data. It happened last month in grand fashion, and it is happening again this morning.

Nonfarm Payrolls (NFP), which is a count of new jobs created, came in at a mere 22k for August versus a median forecast of 75k. This is actually not the biggest miss when it comes to NFP, but it's big enough to spark a reaction in the bond market.

In general, weaker jobs numbers prompt investors to buy bonds. When investors buy bonds, the price of those bonds goes up. When bond prices go up, rates go down.

Today's net effect is an average top tier 30yr fixed rate drop from 6.45% yesterday to 6.29% today. This is back in the same range as the low rates in the Fall of 2024.

[thirtyyearmortgagerates]

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
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
Monday, Sep 08				
11:00AM	Aug Consumer Inflation Expectations ☆			3.1%
3:00PM	Jul Consumer credit (bl)		\$10.1B	\$7.37B








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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