

MARKET SUMMARY

Complete Recap of Today's Market Activity

Slow, Slightly Stronger Start to a Potentially Volatile Week

Market Summary: Monday, September 15, 2025 - 12:45PM

For all the time we spend pushing back on the notion that the Fed Funds Rate is a root cause for volatility in longer-term rates, that push-back always carries a notable caveat: Fed Funds Rate expectations definitely have a direct correlation with longer-term rates. There are two reasons those expectations can change: markets are either assuming the change due to economic data or markets are reacting to a change in the Fed's reaction function. Fed speeches and especially the quarterly dot plot (a summary of each Fed member's base case rate expectations) account for changes in the reaction function. This is why the dot plot can be such a big market mover. It also causes volatility because the market spends 3 months trying to get inside the Fed's head and the dots let the market know how good of a job they did. Bottom line: with a fairly big shift in labor market metrics over the past 3 months, Wednesday afternoon's dot plot is this week's focal point for potential volatility.



Paul Young

Loan Officer, Swift
Mortgage

<https://myswift.mortgage/>

M: (480) 772-3054

1528 E Williams Field Rd
Gilbert AZ 85295

NMLS 2090333
Company NMLS 1925754

Market Movement Recap

10:50 AM Flat overnight with early, modest gains. MBS up 3 ticks (.09) and 10yr down 2.3bps at 4.043

Latest Video Analysis



Incidental, Inconsequential Weakness Ahead of Fed Week

MBS & Treasury Markets

UMBS 5.5	101.29	+0.16	10YR	4.031%	-0.035%	9/15/2025 12:44PM EST
----------	--------	-------	------	--------	---------	-----------------------

Slow, Slightly Stronger Start to a Potentially Volatile Week

For all the time we spend pushing back on the notion that the Fed Funds Rate is a root cause for volatility in longer-term rates, that push-back always carries a notable caveat: Fed Funds Rate expectations definitely have a direct correlation with longer-term rates.

There are two reasons those expectations can change: markets are either assuming the change due to economic data or markets are reacting to a change in the Fed's reaction function. Fed speeches and especially the quarterly dot plot (a summary of each Fed member's base case rate expectations) account for changes in the reaction function.

This is why the dot plot can be such a big market mover. It also causes volatility because the market spends 3 months trying to get inside the Fed's head and the dots let the market know how good of a job they did.

Bottom line: with a fairly big shift in labor market metrics over the past 3 months, Wednesday afternoon's dot plot is this week's focal point for potential volatility.

Bonds are starting the week slightly stronger after holding fairly steady in the overnight session.

MBS MORNING: Back in The Range After Failed Breakout Attempt

ALERT: MBS Down an Eighth From Mid-AM Highs

Today's Mortgage Rates

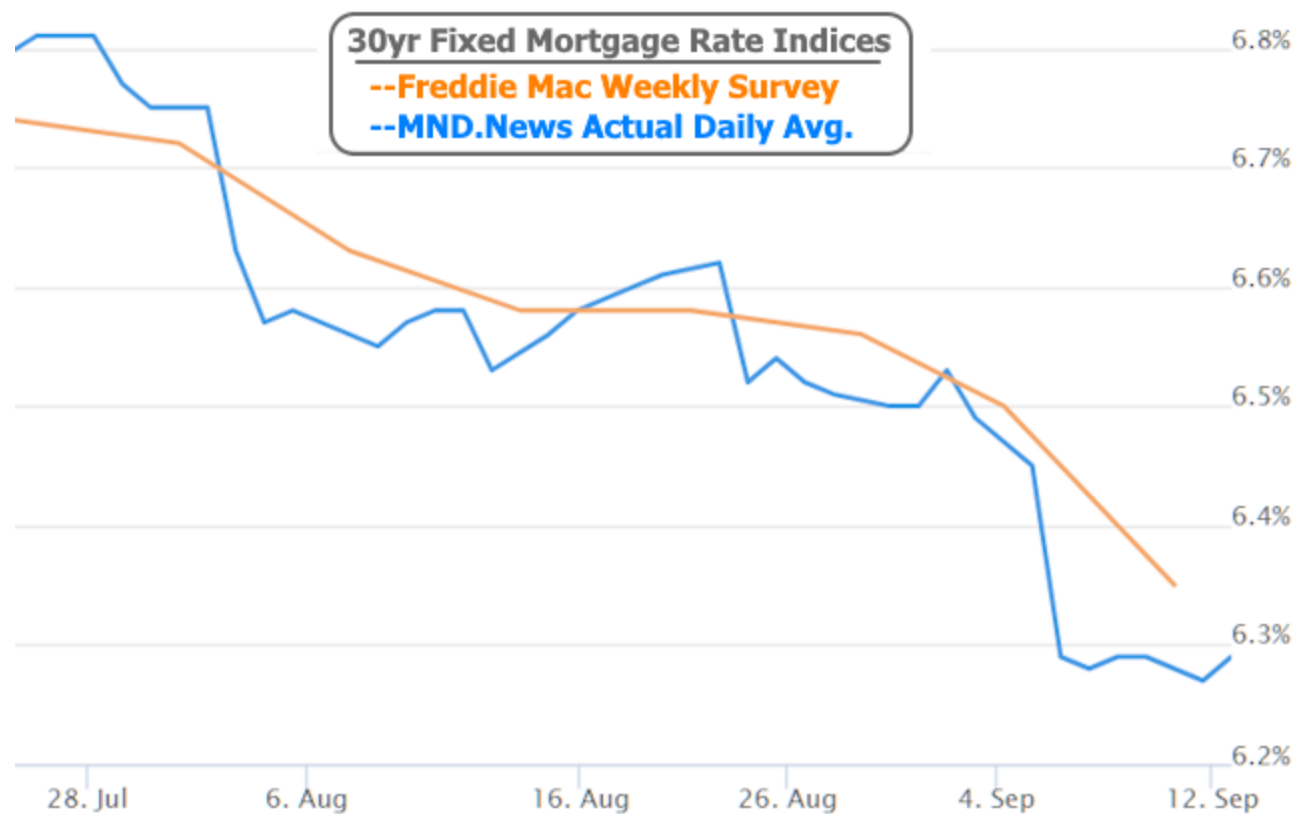
30YR Fixed	6.25%	-0.04%	15YR Fixed	5.71%	-0.01%	9/15/2025
------------	-------	--------	------------	-------	--------	-----------

Mortgage Rates Were Flat All Week No Matter What Other News Suggests

The underlying bond market (which dictates the rates offered by mortgage lenders) weakened moderately overnight. Weaker bonds equate to higher rates, all else equal.

"Higher rates" is contrary to many media outlets' coverage this week, but there's an important reason. Most news organizations that cover mortgage rates rely on Freddie Mac's weekly rate survey for their once-a-week update. Additionally, when Freddie's rate raises/falls appreciably, it receives even more attention.

This frequently creates problems due to the timing and methodology of Freddie's survey. Specifically, the survey is an AVERAGE of the rates seen over the 5 days (Thu-Wed) leading up to Freddie's Thursday release. As such, if rates happen to fall sharply on a Friday (as was the case last week), our DAILY rate tracking will reflect that on Friday while Freddie won't catch up until the following Thursday (yesterday, in this case). By that time, rates hadn't moved any lower, and now today, they're actually a bit higher.



All that to say, the rate drop you're hearing about from Freddie is the same rate drop we told you about last Friday. There's been no meaningful improvement since then, and in fact, a modest increase in rates today.

Today's move in bonds/rates wasn't driven by anything specific and shifts of this size don't demand concrete justification in underlying data or events. It could simply be the case that traders were closing out trading positions for the week and the modest uptick in yields/rates was the incidental result.

Mortgage-specific bonds were even less volatile today, resulting in a mere 0.02% increase in the average 30yr fixed mortgage rate. That brings our index back up to 6.29%, which is in line with this week's other highs and still part of a very narrow range that represents the lowest general levels since October 2024.

Next week brings a much-anticipated Fed announcement. The Fed is virtually 100% likely to cut the Fed Funds Rate by 0.25%. This near-certainty is already baked into today's and the Fed rate cut will have zero impact on mortgage rates in and of itself. Rather, other data release in conjunction with the rate cut could still cause volatility.

The Fed's "dot plot" (a summary of each Fed member's view of the appropriate Fed Funds Rate at various future dates) is of primary importance. The dots help markets gauge the potential path of additional rate cuts in 2025 and beyond. It is a vital tool in calibrating the evolution of the Fed's rate-friendliness as a function of recent economic data. In simpler terms, it will show us how much more willing the Fed is to cut rates in light of recently downbeat labor market data and still-elevated inflation.

Time	Event	Actual	Forecast	Prior
Monday, Sep 15				
8:30AM	Sep NY Fed Manufacturing ☆	-8.70	5	11.90
12:00PM	NOPA Crush Report (%)			
Tuesday, Sep 16				
8:30AM	Aug Export prices mm (%)		-0.1%	0.1%
8:30AM	Aug Retail Sales Control Group MoM ★		0.4%	0.5%
8:30AM	Aug Retail Sales (ex-autos) (%)		0.4%	0.3%
8:30AM	Aug Retail Sales (%) ☆		0.3%	0.5%
8:30AM	Aug Import prices mm (%)		-0.2%	0.4%
9:15AM	Aug Industrial Production (%) ☆		-0.1%	-0.1%
10:00AM	Jul Business Inventories (%) ☆		0.2%	0.2%
10:00AM	Sep NAHB housing market indx ☆		33	32
1:00PM	20-Yr Bond Auction (bl)	13		
8:00PM	International Monetary Market (IMM) Date (%)			

Recent Housing News

- Obvious Signs of Life in Mortgage Apps Thanks to Rate Rally
- Refi Demand Improves While Purchase Applications Edge Lower
- Home Prices Still Growing, But at The Slowest Pace Since 2012

Read My Latest Newsletter

The Fed is Cutting Rates Next Week, But Not Mortgage Rates

Markets have settled into a cycle that favors the jobs report as the only critical economic data as far as rates are concerned. This week's inflation data had a chance to claim/preserve a role as a strong supporting actor, but instead, it basically stood aside and left focus on the labor market and the Fed's interpretation of recent labor market weakness. A majority of the notion of "recent lab...

Mortgage Calculators

- 📊 Mortgage Payment w Amortization
- 📊 Loan Comparison
- 📊 Advanced Loan Comparison
- 📊 Early Payoff
- 📊 Should I Refinance?
- 📊 Rent vs. Buy
- 📊 Blended Rate