

MARKET SUMMARY

Complete Recap of Today's Market Activity

Big Shift Toward 5.0 Coupons Continues

Market Summary: Wednesday, September 17, 2025 - 4:11AM

Mortgage rates have lurched rapidly lower in September as 5.0 UMBS have stolen the show from 5.5 UMBS. As a reminder, there is only a certain range of rates allowed in either bucket. 5.5s go all the way up to 6.625% and investors buying MBS would prefer not to get stuck holding a burning bag of 6.625% loans in a market where those borrowers are already on the edge of being in the money on a refi. Bottom line, it's the fastest/biggest shift in 5.0 outperformance since late 2023, and today's installment brought the spread between the two coupons to the tightest levels since early October 2024. Lo and behold, that's the last time rates were in this territory. Spreads spiked back to wider levels on October 4th owing to a strong jobs report. This October's jobs report will be in focus for similar reasons, but before that, near-term volatility risks surround Wednesday's Fed dot plot.



Ray Evans

Loan Officer, Element Home Loans

www.Elementhl.net

P: (470) 481-3947

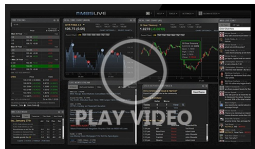
M: (770) 309-2155

rayevans@elementhl.com

326 Lake Forest Drive
Newnan GA 30265
218350



Latest Video Analysis



Big Shift Toward 5.0 MBS Continues

MBS & Treasury Markets

UMBS 5.0	99.95	-0.01	10YR	4.021%	-0.010%	9/17/2025 8:11AM EST
----------	-------	-------	------	--------	---------	----------------------

Down Over an Eighth From AM Highs

The only downside of this morning's post-data recovery was that it set a higher level for MBS during some lenders' rate sheet print times. From those highs around 9:45am, MBS are now down 5 ticks (.16) despite being down only 1 tick on the day.

The jumpier lenders who released rates at or shortly after 9:45am could technically justify a negative reprice assuming they passed along the gains that were present at the time. In other words, if the lender in question posted rates that were the same as yesterday afternoon's, the risk would be fairly minimal.

MBS MORNING: Bonds Easily Clearing Last Pre-Fed Hurdle

ALERT: Losing Ground After Retail Sales

30YR Fixed	6.13%	-0.12%	15YR Fixed	5.71%	+0.00%	9/16/2025
------------	-------	--------	------------	-------	--------	-----------

Mortgage Rates Near 3 Year Lows Ahead of Fed

dropped sharply lower today relative to the amount of movement in the underlying bond market with the average lender right in line with the lowest levels since late 2022. Because rates are directly tied to the prices of those bonds, the correlation tends to be almost perfect over time.

[thirtyyearmortgagerates]

But there are always scattered examples of one leap-frogging the other. These inconsistencies can arise for several reasons. In today's case, it happened due to late-day strength in bonds yesterday afternoon coupled with the structure of the underlying mortgage bond market.

An explanation of the latter would be woefully esoteric in the context of a daily mortgage rate update--even for industry professionals. In the simplest possible terms, it has to do with the range of allowed in each grouping of mortgage backed securities (MBS). As investor sentiment shifts in favor of the next lower grouping, it effectively greases the skids for rates to slide down into the range associated with that grouping.

The overall set-up is reminiscent of September 2024 when rates were doing the same thing for the same reasons ahead of Fed meeting with a virtual 100% chance of a rate cut. Back then, mortgage rates moved paradoxically higher after the Fed rate cut. The same thing could happen this time, but it's by no means guaranteed.

In fact, last year's Fed rate cut wasn't the catalyst for rising mortgage rates. Instead, it was an upbeat shift in economic data in early October. In other words, rates will take their next major cues from incoming economic data over the next few weeks.

That said, tomorrow could still be a volatile day due to the Fed's quarterly update of each member's rate outlook (typically referred to as "the dot plot").

Time	Event	Actual	Forecast	Prior
Wednesday, Sep 17				
12:00AM	Roll Date - UMBS 15YR, Ginnie Mae 15YR			
7:00AM	Sep/12 MBA Purchase Index	174.0		169.1
7:00AM	Sep/12 MBA Refi Index	1596.7		1012.4
7:00AM	Sep/12 Mortgage Market Index	386.1		297.7
8:30AM	Aug Housing starts number mm (ml)	1.307M	1.37M	1.428M
8:30AM	Aug Building Permits (ml)	1.312M	1.37M	1.362M
10:30AM	Sep/12 Crude Oil Inventory (ml)		-1.5M	3.939M
2:00PM	Fed Interest Rate Decision ★★		4.25%	4.5%
2:00PM	FOMC Economic Projections ★★			
2:00PM	Interest Rate Projection - 1st Yr			3.6%
2:00PM	Interest Rate Projection - Current			3.9%
2:00PM	Interest Rate Projection - 2nd Yr			3.4%
2:00PM	Interest Rate Projection - Longer			3%
2:00PM	Interest Rate Projection - 3rd Yr			3.1%
2:30PM	Fed Press Conference ★★			
Thursday, Sep 18				
8:30AM	Sep/06 Continued Claims (k)		1950K	1939K
8:30AM	Sep/13 Jobless Claims (k) ★		240K	263K
8:30AM	Sep Philly Fed Business Index ☆		2.3	-0.3
8:30AM	Sep Philly Fed Prices Paid			66.80
10:00AM	Aug CB Leading Index MoM (%)		-0.2%	-0.1%
1:00PM	10-yr Note Auction (bl) ★	19		

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

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](#)