

MARKET SUMMARY

Complete Recap of Today's Market Activity

What to Expect From The Fed Today

Market Summary: Wednesday, September 17, 2025 - 12:39PM

The Fed rate announcement is at 2pm ET. A single 25bp rate cut is fully priced in to the bond market and that cut will not be responsible for any volatility you see at 2pm. A 50bp cut is something that some people have mentioned, but not something that is worth realistically considering. 2pm volatility will primarily be a factor of the dot plot (Fed member rate expectations released in the Summary of Economic Projections). In the dots, 2025's year-end level is the most important. Since today's cut takes the FFR (Fed Funds Rate) to 4.125, the question is whether the median 2025 dot will be 3.875 or 3.625 (2 more cuts vs the 3 cuts that the market is currently pricing in with a 75% probability). It will almost certainly be one or the other. At 2:30pm, Fed Chair Powell's press conference always has the potential to add to or push back against the prevailing 2-2:30pm momentum, but typically, if the dots produce a big reaction, they matter more than Powell.

Market Movement Recap

09:48 AM Modestly stronger overnight and little-changed so far this morning. MBS up 1 tick (.03) and 10yr down half a bp at 4.027

11:34 AM Just barely weaker now. MBS down 1 tick (.03) and 10yr up less than half a bp at 4.035

Latest Video Analysis



Big Shift Toward 5.0 MBS Continues



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UMBS 5.0	99.64	-0.32	10YR	4.084%	+0.054%	9/17/2025 4:38PM EST
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-  **ALERT:** Down Over an Eighth From AM Highs
-  **MBS MORNING:** Bonds Easily Clearing Last Pre-Fed Hurdle

30YR Fixed	6.22%	+0.09%	15YR Fixed	5.75%	+0.04%	9/17/2025
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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)	-9.285M	-1.5M	3.939M
2:00PM	Fed Interest Rate Decision ★★	4.25%	4.25%	4.5%
2:00PM	FOMC Economic Projections ★★			
2:00PM	Interest Rate Projection - 1st Yr	3.4%		3.6%
2:00PM	Interest Rate Projection - Current	3.6%		3.9%
2:00PM	Interest Rate Projection - 2nd Yr	3.1%		3.4%
2:00PM	Interest Rate Projection - Longer	3%		3%
2:00PM	Interest Rate Projection - 3rd Yr	3.1%		3.1%
2:30PM	Fed Press Conference ★★			
2:30PM	Powell 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...

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