

MARKET SUMMARY

Complete Recap of Today's Market Activity

Powell Press Conference Trumps The Dots, Sparking Moderate Sell-Off

Market Summary: Thursday, September 18, 2025 - 6:31AM

Of today's Fed events (rate announcement, dot plot, and press conference), it was the dots that were most likely to cause the biggest reaction. That proved to be the case, but only for the 30 minutes leading up to Powell's presser. Bonds had already begun pushing back against the rally by the time Powell started fielding questions. Several of his responses added fuel to the fire. In not so many words, Powell said the dots don't mean the Fed is cutting twice more in 2024 and that the Fed will instead be taking things meeting by meeting as they digest incoming econ data. While that's very standard for the Fed playbook, it didn't convey the level of concern for the economy (bullish for rates) that the market was priced for. The reversal seems extreme in the short term due to the dot-driven rally, but yields closed no higher than they did last Tuesday--2 days after the jobs report rally that took rates to their lowest levels since October.



Gina Mancuso

Luxury Real Estate
Professional, Gina Mancuso
Luxury Real Estate

northcountyproperties.com/team

P: (619) 757-6629

M: (619) 757-6629

02146794

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Fed Day Selling Spree as Press Conference Trumps The Dots

MBS & Treasury Markets

UMBS 5.0	99.78	+0.20	10YR	4.050%	-0.031%	9/18/2025 6:30AM EST
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Negative Reprices Increasingly Likely If You Haven't Seen One Yet

MBS are now down almost 3/8ths of a point on the day and easily over a quarter point from morning rate sheet print times. As such, any lender who has yet to reprice for the worse is highly likely to be considering it.

10yr yields are up 5.3bps at 4.084. There is no new justification for this late day weakness in terms of headlines or data.

ALERT: Negative Reprice Risk Increasing

ALERT: Gains Vanish As Press Conference Begins

Today's Mortgage Rates

30YR Fixed	6.22%	+0.09%	15YR Fixed	5.75%	+0.04%	9/17/2025
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Mortgage Rates HIGHER (Not Lower) After Fed Rate Cut

Several things happen on Fed Day--especially on the 4 out of 8 examples with updated rate forecasts from Fed members. The official announcement of a rate cut is typically the least important aspect. In fact, it is usually entirely unimportant in terms of its impact on .

Instead, the bonds that determine mortgage rates are much more likely to react to the Fed's dot plot (the chart showing each Fed member's rate forecast over the next few years) and the press conference with the Fed Chair.

The dots are released at 2pm at the same time as the rate cut announcement. The press conference follows at 2:30pm and usually lasts 50 minutes. This staggered timing makes for plenty of back and forth volatility on occasion and today was a prime example.

The dots helped bonds because they signaled better odds for two additional cuts in 2025 as opposed to only one. The market was mostly expecting that, but it wasn't fully priced-in to prevailing rates. Things changed during Powell's press conference and bonds ended up more than reversing the initial move.

Powell framed today's cut as a "risk management" cut and emphasized that the forecasts in the dot plot do not represent a plan for future cuts. Rather, the Fed will continue to take things on a meeting by meeting basis and make decisions based on the new data that becomes available over that time.

As the underlying bond market responded, most mortgage lenders issued mid-day changes to the rates announced this morning. The net effect is that mortgage rates are most certainly HIGHER this afternoon compared to yesterday's latest levels, not to mention this morning's.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
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		
Friday, Sep 19				
12:00AM	Roll Date - Ginnie Mae 30YR			

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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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