Bonds Turn Green After Econ Data and Treasury Auction

Market Summary: Tuesday, October 7, 2025 - 6:18PM

Bonds began the day in slightly weaker territory as yields continue to drift inside the narrow post-Fed range. The absence of big-ticket econ data is a key reason for the lack of volatility. But the lower-tier econ data can still move the needle as evidenced by this morning's NY Fed Survey of Consumer Expectations. The survey showed a slight deterioration in attitudes about the labor market. Bonds moved into stronger territory after that and went on to hit the day's best levels shortly after a well-received 3yr Treasury auction.

Market Movement Recap

10:38 AM	Modestly weaker overnight, but moving into positive territory now. MBS up 1 tick (.03) and 10yr down 0.4bps at 4.142
11:56 AM	Gains continue. MBS up 3 ticks (.09) and 10yr down 2.7bps at 4.121
02:43 PM	Temporary gains after strong 3yr auction, but back to pre-auction levels now. MBS up 2 ticks (.06) and 10yr down 2.3bps at 4.125

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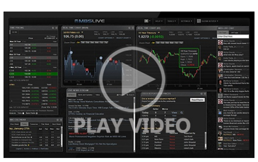

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MBS & Treasury Markets

UMBS 5.0	99.30	-0.01	10YR	4.127%	-0.021%	10/7/2025 5:59PM EST

Early Gains Erase Overnight Weakness

10yr yields drifted up toward the 4.20% technical level overnight but buyers showed up at the 8:20am CME open. The initial recovery looks more technical in nature. The subsequent buying brought bonds into positive territory and likely had more to do with the day's only real econon data: the . The data showed an uptick in unemployment expectations as well as a softening in other labor market metrics. This isn't normally a market mover, but sensitivity is somewhat higher due to the absence of last week's jobs report.

ALERT: Weakest levels of the day

MBS MORNING: Overnight Losses Thanks to Overseas Markets

Today's Mortgage Rates

30YR Fixed	6.38%	+0.00%	15YR Fixed	5.90%	+0.00%	10/7/2025

Mortgage Rates Hold Steady in Tight Range

have been in a very narrow range for nearly 3 weeks with the last major move seen on September 17th and 18th following the Fed rate cut. Paradoxically but not surprisingly, rates actually moved higher after the Fed cut the Fed Funds Rate.

Contrary to popular belief, Fed comments and policy changes are not the biggest consideration for rates. That honor goes to big ticket economic data like the jobs report. Case in point, the rate drop in early September after the jobs report was bigger than the jump in rates following the Fed. Moreover, the post-Fed jump was driven mainly by upbeat economic data the following morning.

With the government in shutdown mode, we haven't had the same sort of heavy-hitting econ data--a fact that largely contributes to the recently narrow range. There was some non-government data today from the NY Fed that showed a weaker view of the jobs market among consumers, thus helping rates hold in line with yesterday's levels. Before that data, rates were set to open the day slightly higher.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Tuesday, Oct 07				
10:00AM	Fed Bostic Speech ☆			
10:05AM	Fed Bowman Speech ☆			
10:10AM	Oct IBD economic optimism	48.3	49.3	48.7
10:30AM	Fed Miran Speech ☆			
11:00AM	Sep Consumer Inflation Expectations ☆	3.4%		3.2%
11:30AM	Fed Kashkari Speech ☆			
1:00PM	3-Yr Note Auction (bl)	58		
3:00PM	Aug Consumer credit (bl)	$0.36B	$13.5B	$16.01B
4:05PM	Fed Miran Speech ☆			
Wednesday, Oct 08				
7:00AM	Oct/03 Mortgage Market Index			339.1
7:00AM	Oct/03 MBA Refi Index			1278.6
7:00AM	Oct/03 MBA Purchase Index			172.7
9:20AM	Fed Musalem Speech ☆			
9:30AM	Fed Barr Speech ☆			
10:30AM	Oct/03 Crude Oil Inventory (ml)		2.25M	1.792M
1:00PM	10-yr Note Auction (bl) ★	39		
2:00PM	FOMC Minutes ★★			
3:15PM	Fed Kashkari Speech ☆			
5:45PM	Fed Barr Speech ☆			

Recent Housing News

- 4% Gain in Pending Home Sales Isn't Exactly What it Seems
- Home Price Growth May be The Lowest in Years, But Home Prices Remain Near All-Time Highs
- Mortgage Apps Drop Sharply, But It Was Still The 3rd Best Week in 3 Years

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Small Victory For Rates as Market Waits For Data

Contrary to mainstream notions regarding the Fed rate cut, mortgage rates moved sharply higher on Fed Day as well as the following day. Since then, they've been in a calm, sideways range, but managed to trickle to the lowest levels in that range by the end of this week. This is a logical outcome considering this week's bond market movement. 10yr Treasury yields (the most visible part of the bon...

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- Early Payoff
- Should I Refinance?
- Rent vs. Buy
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