

Markets Rocked by New Tariff Drama

Market Summary: Monday, October 13, 2025 - 9:54PM

Bonds were already having a decent day this morning with overnight market movers bringing yields in line with the lower end of the recent range. Mid-day drama caused massive selling in stocks which spilled over and made for an extension of the already-decent bond rally. The culprit? An unexpected tariff threat from Trump in response to... well... something ([seriously, we're not sure](#)). Then, just minutes before the end of trading for the 3 day weekend, an official announcement (again, with [cryptic references to untoward actions by China](#)). Bonds managed to rally a bit more as stocks sank more, but there's no telling how this will carry over on Tuesday. Tariffs haven't been reliably beneficial for bonds, but they were beneficial today.

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Matthew M. Loan
Senior Loan Officer,
Mortgage Company, LLC.

[mbsslive.net](#)
P: (704) 867-5309
M: (980) 867-5309
1050 W. Main St.
Charlotte NC 28031
NMLS: #987654321



MBS & Treasury Markets

UMBS 5.0	99.67	+0.09	10YR	4.031%	-0.002%	10/14/2025 1:54AM EST
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Overnight Gains on Fed Comments And Japanese Politics (Really)

At the start of the week, we noted Japanese political developments as a key reason for overnight losses on Monday morning. This had to do with Takaichi winning control of Japan's LDP party, thus making her the front runner to become the Prime Minister. Her economic views fueled fears that Japan's central bank would ultimately need to sell Treasuries in order to stabilize currency devaluation. Thus, Treasury yields rose. Now today, another party announced an exit from its coalition with the LDP, thus lowering the odds of the fears that were traded on Monday. Bonds logically rallied in response. Later in the overnight session, a series of comments from Fed's Waller (weak employment, not worried about inflation) added to the gains.

- ALERT: Weakest Levels; Some Reprice Risk
- MBS MORNING: In-Range Weakness For No Particular Reason

Today's Mortgage Rates

30YR Fixed	6.32%	-0.06%	15YR Fixed	5.84%	-0.04%	10/10/2025
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Mortgage Rates Lowest Since Fed Day

saw their biggest day-over-day decline of the past several weeks today in response to unexpected news regarding additional tariffs on China. Trump had previously been scheduled to meet with China's President Xi in 2 weeks, but today said there was no reason to do so and that the administration is currently calculating a massive increase in Chinese tariffs.

Stocks and bonds immediately responded with the former moving lower and bonds rallying. When bonds rally, move lower, all else equal. Mortgage lenders use mortgage-backed securities (MBS) to determine what rates they can offer. When bonds move enough during the course of a day, mortgage lenders can reissue higher/lower mortgage rates. Today's big mid-day rally is resulting in fairly widespread improvements.

The net effect is an average 30yr fixed rate that is now as low as it's been since the September 17th Fed meeting. For context, today's rates are only a hair lower than October 3rd.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Monday, Oct 13				
12:00AM	Indigenous Peoples' Day ★★			
12:55PM	Fed Paulson Speech ☆			
Tuesday, Oct 14				
6:00AM	Sep NFIB Business Optimism Index		100.5	100.8
8:45AM	Fed Bowman Speech ☆			
12:20PM	Fed Chair Powell Speech ★★			
3:25PM	Fed Waller Speech ☆			
3:30PM	Fed Collins Speech ☆			

Recent Housing News

- Refi Demand Ebbs Gradually As Rates Remain Rangebound
- 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

Lowest Rates Since Fed Day After New Tariff Escalation

Rates have been very flat since September 19th, with the average lender holding inside a tiny 0.05% range through this past Thursday. To put that in context, on September 18th alone (the day after the Fed announcement), rates rose 0.15%. While we're not seeing anything nearly as brisk at present, Friday brought a bit of a departure from the recent monotony with rates finally breaking that narro...

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