

MARKET SUMMARY

Complete Recap of Today's Market Activity

Logical Pull-Back on Tamer Tariff Talk, But Mortgages Outperform

Market Summary: Monday, October 20, 2025 - 6:46AM

If there was only one event to be aware of on Friday, it was a Trump comment around 7:10am ET in which The President said that the recently-announced 100% tariff on China was probably not sustainable. Stocks, bond yields, and volumes spiked instantly and nothing much happened for the rest of the day. Fortunately for the bigger picture, Thursday's mid-day drama caused a big enough bond rally that Friday's pull-back only managed to erode about half the gains. The news is even better for mortgage rates. Lenders had a big enough cushion from Thursday's volatility that Friday's pull-back merely resulted in rates holding steady on average. That means the average lender is fairly close to September's lows which are close enough to the lowest rates in 3+ years.

Latest Video Analysis



Logical Pull-Back on Tamer Tariff Talk



Alfonso Rodriguez

REALTOR & Mortgage Loan
Officer, Network Funding

nflp.com/.../alfonsorodriguez

P: 512-215-4284

M: 512-809-0091

1717 N. IH-35
Round Rock TX 78664
2103631



MBS & Treasury Markets

UMBS 5.0	99.89	+0.11	10YR	3.998%	-0.012%	10/20/2025 10:46AM EST
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Bonds Partially Unwinding Yesterday's Liquidity Panic

By process of elimination and ongoing forensic efforts, it's becoming more and more clear that yesterday's mystery rally in the short end of the yield curve was a product of /reserve stress in short-term funding markets. While the regional bank drama may have added fuel to the fire in a roundabout way, it was neither the match nor the flame. Episodes like this happen from time to time, especially in April and October as corporate tax deadlines create large short-term funding needs that can put strain on reserve balances (already a topic of conversation for the Fed recently, as they ponder the timing of the end of QT). In short, the market briefly worried that reserves were going to run too thin and the Fed would be forced to address it in a way that benefited short-term rates. The shortest term rates (like day to day SOFR) couldn't benefit due to immense short-term borrowing needs and scarce reserves, so any market concern was forced to play out in the slightly longer term (a few months in the future vs a few days). With the more dire fears in the rearview (T, bonds are backing away from the panic trade a bit this morning, but the real catalyst was a 7:12AM newswires citing Trump saying Chinese tariffs will not be sustainable.

UPDATE: "Something" Happening in Stocks/Bonds; Best Levels of The Day

MBS MORNING: Block Trades Setting The Tone After Mostly Data-Free Morning

Today's Mortgage Rates

30YR Fixed	6.22%	-0.01%	15YR Fixed	5.80%	-0.01%	10/20/2025
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Rates Hold Steady Just Above 3 Year Lows

The average top tier 30yr fixed rate was unchanged on Friday despite the bond market being slightly weaker. Normally, weaker bonds mean higher rates, but the timing of intraday market movement matters. In today's case, bonds are still much stronger than the first half of yesterday, and only weaker when compared to closing levels.

Because mortgage lenders prefer to set rates once per day (only adjusting after a certain threshold of market volatility), the average lender hadn't yet fully adjusted to yesterday afternoon's bond market gains. In plainer terms, mortgage lenders had a bit of a cushion today and it was perfectly soaked up by the modest losses in the bond market.

By remaining unchanged, the average rate is officially in line with the lowest levels in just over a month. Apart from that, there are only a handful of days with lower rates going all the way back to late 2022.

Time	Event	Actual	Forecast	Prior
Monday, Oct 20				
10:00AM	Sep CB Leading Index (on hold due to shutdown) (%)		-0.3%	-0.5%
Tuesday, Oct 21				
9:00AM	Fed Waller Speech ☆			
10:30AM	NY Fed Treasury Purchases 1 to 2.5 yrs (%)		\$75 million	
3:30PM	Fed Waller Speech ☆			

Recent Housing News

- Mortgage Apps Dip, But Demand Still Running Strong After September Surge
- Refi Demand Ebbs Gradually As Rates Remain Rangebound
- 4% Gain in Pending Home Sales Isn't Exactly What it Seems

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Mortgage Rates Aren't Too Far From 3 Year Lows

If we stopped paying attention at noon on Thursday, it was an uneventful week due to an absence of important economic data, a holiday closure, and a lack of volatility in the underlying bond market. After that, things got interesting. To be fair, things were fairly interesting at the end of the previous week owing to an escalation in trade war tensions with China. With minutes to go on Friday, ...

Mortgage Calculators

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