

MARKET SUMMARY

Complete Recap of Today's Market Activity

CPI Just as Risky as Usual--Perhaps More So

Market Summary: Thursday, October 23, 2025 - 11:05PM

Bonds sold off on Thursday in a move that was as easy to chalk up to position-squaring ahead of CPI than anything else. The recent uptick in oil prices is also worth noting, but only if we remember that correlation is not always causality when it comes to that pairing. Given the absence of big ticket econ reports during the shutdown, Friday morning's CPI is getting plenty of attention--more than it deserves, to be sure, and much more than it would outside a shutdown. That said, the data is just as "live" in terms of its potential to cause volatility.

Market Movement Recap

09:32 AM Slow, steady selling overnight and flat so far at weaker levels. MBS down 3 ticks (.09) and 10yr up 3.3bps at 3.98

11:20 AM MBS down 6 ticks (.19) and 10yr up 4.8bps at 3.995

01:17 PM Flat at weaker levels. MBS down 6 ticks (.19) and 10yr up 4.9bps at 3.996

Latest Video Analysis



CPI Just as Risky as Usual--Perhaps More So



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MBS & Treasury Markets

UMBS 5.0	99.75	+0.01	10YR	3.991%	-0.010%	10/24/2025 3:05AM EST
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Weakest Levels of The Day

We typically want to see an eighth of a point of weakness in MBS versus either the highs of the day or rate sheet print times in order to send out an alert.

Right now, we're only seeing 3 ticks (.09). While this isn't classic alert territory, the departure from the AM price plateau has been fairly abrupt. The jumpiest lenders have occasionally repriced for the worse in similar scenarios.

MBS MORNING: You Know Things Have Been Pretty Good When...

MBS MORNING: Modest Early Weakness. Was it About Time?

Today's Mortgage Rates

30YR Fixed	6.18%	+0.01%	15YR Fixed	5.74%	+0.01%	10/23/2025
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Mortgage Rates Seeing Some Underlying Pressure Ahead of Inflation Data

were effectively unchanged on Thursday with the average lender very close to the best levels in over a year. But when it comes to the underlying bond market and the rates available to consumers, there are some dislocations that suggest risk is increasing.

Specifically, bonds lost ground today. This normally implies higher mortgage rates. But the timing and magnitude of bond market losses can dictate the size of mortgage rate changes as well as the timing. In today's case, bonds were in better shape this morning when mortgage lenders published their daily rate offerings.

There was additional bond market weakness as the day progressed, but not enough to trigger a mid-day rate change from lenders (mortgage lenders prefer to avoid mid-day changes unless bonds make bigger moves).

Bottom line: instead of going into tomorrow with a cushion from the bond market, mortgage lenders will have to raise rates a bit in order to catch up. NOTE: this assumes that bonds hold their exact same levels through tomorrow morning. That's certainly NOT a guarantee considering we'll get the release of September's CPI inflation data at 8:30am ET.

There's no way to know how CPI will come in. Markets have already positioned for everything they think they know about the data. In other words, there is a consensus expectation that monthly core CPI will be 0.3% and non-core (headline) CPI will be 0.4%. If the actual numbers are higher, rates would be more likely to rise tomorrow, but if they're lower, bonds could bounce back enough that mortgage rates continue to hold steady, or actually improve.

Time	Event	Actual	Forecast	Prior
Thursday, Oct 23				
10:00AM	Sep Exist. home sales % chg (%) ☆	1.5%		-0.2%
10:00AM	Sep Existing home sales (ml) ☆	4.06M	4.1M	4M
1:00PM	5-Yr Note Auction (bl) ★	26		
Friday, Oct 24				
8:00AM	Sep Building Permits (ml)			
8:30AM	Sep y/y Headline CPI (%) ☆		3.1%	2.9%
8:30AM	Sep m/m Headline CPI (%) ★		0.4%	0.4%
8:30AM	Sep m/m CORE CPI (%) ★★		0.3%	0.3%
8:30AM	Sep y/y CORE CPI (%) ★★		3.1%	3.1%
8:30AM	Sep m/m CORE CPI (%) ★★			
9:45AM	Oct S&P Global Composite PMI ☆			53.9
9:45AM	Oct S&P Global Manuf. PMI ☆		52	52.0
9:45AM	Oct S&P Global Services PMI ☆		53.5	54.2
10:00AM	Oct Sentiment: 1y Inflation (%) ☆		4.6%	4.7%
10:00AM	Oct Sentiment: 5y Inflation (%) ☆		3.7%	3.7%
10:00AM	Oct U Mich conditions ☆		61.0	60.4
10:00AM	Sep New Home Sales (ml) ☆		0.71M	0.8M
10:00AM	Oct Consumer Sentiment (ip) ☆		55	55.1
10:00AM	Sep New Home Sales (%) (%)			20.5%

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, ...

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