

MARKET SUMMARY

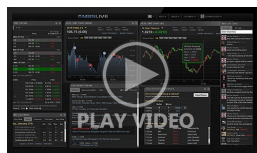
Complete Recap of Today's Market Activity

Ultimately Underwhelming Despite Seemingly Significant Data

Market Summary: Wednesday, January 7, 2026 - 9:11PM

There was certainly the potential for volatility today with the confluence of ADP, ISM, and Job Openings data. But the results ended up being close enough to consensus to obviate any massive reactions. Yields hit their lowest levels in a week after ADP came in slightly softer, but most of the rally was already in place from the overnight session. Stronger ISM and job openings pushed bonds back in the other direction, but not enough to result in bond market losses or negative reprices.

Latest Video Analysis



Ultimately Underwhelming Despite Seemingly Significant Data



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MBS & Treasury Markets

UMBS 5.0	100.11	+0.27	10YR	4.171%	+0.016%	1/8/2026 5:00PM EST
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Down an Eighth From Highs After 10am Data

- ISM N-Mfg PMI (Dec)
 - 54.4 vs 52.3 f'cast, 52.6 prev
- ISM Services Employment (Dec)
 - 52.0 vs -- f'cast, 48.9 prev
- ISM Services New Orders (Dec)
 - 57.9 vs -- f'cast, 52.9 prev
- ISM Services Prices (Dec)
 - 64.3 vs -- f'cast, 65.4 prev
- JOLTs Job Quits (Nov)
 - 3.161Mvs -- f'cast, 2.941M prev
- USA JOLTS Job Openings (Nov)
 - 7.146M vs 7.60M f'cast, 7.670M prev

ISM's non-manufacturing PMI is leading the charge in the 10am hour. It was stronger across the board with a notable uptick in new orders and employment. Any time this report shows a relatively large uptick in employment, it's a concern on NFP week.

Job openings fell (good for rates), but that was offset by an increase in the "quits" rate (higher = worse for rates).

MBS are down an eighth of a point from AM highs and 10yr yields are up 2bps from before the data at 4.158 (still down modestly on the day).

MBS MORNING: Stronger Start Thanks to Europe and ADP

ALERT: Weakest Levels and Some Reprice Risk

Today's Mortgage Rates

30YR Fixed	6.21%	+0.02%	15YR Fixed	5.74%	+0.01%	1/8/2026
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Another 2-Month Low For Mortgage Rates After Modest Drop

Wednesday had the potential to cause bigger volatility for rates due to the confluence of several important economic reports. If that data had been lopsided in one direction or the other, rates likely would have moved more. As it happened, the data was mixed. The net effect was an exceedingly modest drop in the average 30yr fixed rate.

Despite the tiny move, this brings MND's 30yr fixed rate index back in line with the 2-month lows seen on several recent occasions. Bottom line: today ended up being uneventful in an inoffensive way.

From here, Friday's jobs report represents the same sort of potential for a volatile reaction.

Time	Event	Actual	Forecast	Prior
Wednesday, Jan 07				
7:00AM	Dec/26 Mortgage Market Index	269.9		299.8
7:00AM	Dec/26 MBA Purchase Index	169.8		169.9
7:00AM	Dec/26 MBA Refi Index	872.1		1084.3
7:00AM	Jan/02 MBA Refi Index	937		872.1
7:00AM	Jan/02 MBA Purchase Index	159.3		169.8
7:00AM	Jan/02 Mortgage Market Index	270.8		269.9
8:15AM	Dec ADP jobs (k) ☆	41K	47K	-32K
10:00AM	Oct Factory orders mm (%)	-1.3%	-1.2%	0.2%
10:00AM	Dec ISM Biz Activity ☆	56.0		54.5
10:00AM	Dec ISM Services Prices ☆	64.3		65.4
10:00AM	Dec ISM Services New Orders ☆	57.9		52.9
10:00AM	Dec ISM Services Employment ☆	52.0		48.9
10:00AM	Nov JOLTs Job Quits (ml) ☆	3.161M		2.941M
10:00AM	Nov USA JOLTS Job Openings (ml) ★	7.146M	7.60M	7.670M
10:00AM	Dec ISM N-Mfg PMI ★★	54.4	52.3	52.6
10:30AM	Jan/02 Crude Oil Inventory (ml)	-3.831M	1.1M	-1.934M
Thursday, Jan 08				
5:30AM	Dec Challenger layoffs (k)	35.553K		71.321K
8:30AM	Oct Trade Gap (bl)	\$-29.4B	\$-58.9B	\$-52.8B
8:30AM	Jan/03 Jobless Claims (k) ☆	208K	210K	199K
8:30AM	Dec/27 Continued Claims (k) ☆	1914K	1900K	1866K
9:20AM	NY Fed Bill Purchases 1 to 4 months (%)		\$8.165 million	
11:00AM	Dec Consumer Inflation Expectations ☆	3.4%		3.2%
3:00PM	Nov Consumer credit (bl)	\$4.23B	\$10B	\$9.18B

Recent Housing News

- Highest Existing Home Sales in 8 Months But Don't Get Excited
- Three Straight Months of Improvement in Builder Confidence, But There's a Catch
- Mortgage Apps Still Strong vs Last Year, But Down Slightly Last Week

Mortgage Market in Holiday Mode Despite Big-Ticket Data

The two most important economic reports of the month were released this week. Both showed promising results for rates, and although rates improved, the reaction was smaller than expected . First up was November's jobs report, which came out on Tuesday morning. It showed the highest unemployment rate since 2021 at 4.6%--well above the 4.4% forecast. Under normal circumstances, this woul...

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