

MARKET SUMMARY

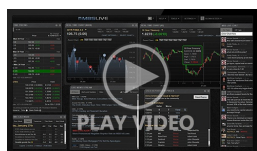
Complete Recap of Today's Market Activity

Wild Ride For MBS as Traders Digest New Developments

Market Summary: Sunday, January 11, 2026 - 12:00PM

We may have been looking to the jobs report as this week's biggest potential source of volatility, but that changed on Thursday afternoon after Trump's \$200bln MBS buying announcement. Treasuries have only been able to watch from the sidelines. At one point this morning after the jobs data, Treasuries were several bps weaker while MBS were in the midst of their biggest rally in months (up more than a half point at the time). There was a rapid "distribution" phase following the initial rally, but prices bounced back to end the day up about a quarter point. Higher coupons are getting no love as they are not assumed to be in fashion as the new buying commences. Details continue to matter, and we'll continue to wait for more of them, but based on volume and volatility, MBS traders are taking this very seriously.

Latest Video Analysis



Wild Ride For MBS as Traders Digest New Developments



Marc Erickson

Mortgage Guide, Excel Financial Group, LLC

www.themortgagemarc.com

P: (720) 295-0704

M: (720) 295-0704

123 N College Avenue

Fort Collins CO 80524

1245157



Ehric Wolfe

REALTOR®, Coldwell Banker Realty

www.coloradowolfehomes.com

P: (970) 691-5299

ehric@coloradowolfehomes.com

3665 John F Kennedy Parkway

Fort Collins CO 80525



MBS & Treasury Markets

UMBS 5.0	100.50	+0.37	10YR	4.170%	-0.002%	1/9/2026 5:00PM EST
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Heads Up: MBS Still Stronger But Well Off The Highs

This is a heads-up alert that will require some analysis on your part if you choose to act on it.

MBS are still up 3 ticks (.09) on the day, but are down more than a quarter point from the most recent stably-held high. Lenders who priced in line with those highs are at risk of considering negative reprices.

That said, pricing strategies can vary widely today, so it could make sense to consider how much better your rate sheet is versus yesterday. If it's not much better, you might be looking at less risk.

Overall, bonds have been flat on the day with 10yr yields almost perfectly unchanged.

COMMENTARY: What's Up With The New MBS Buying Announcement and The Massive Reaction in The Market?

ALERT: MBS Rapidly Starting to Sober Up

Today's Mortgage Rates

30YR Fixed	6.06%	-0.15%	15YR Fixed	5.59%	-0.15%	1/9/2026
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Rates Plummet to 3 Year Lows, But There Are Caveats

On a week where the mortgage market was most likely to experience volatility due to Friday's jobs report, Thursday afternoon's surprise announcement of \$200bln in GSE MBS (mortgage-backed securities) buying stole the show. This was already juicing the underlying MBS market yesterday afternoon, but traders took the surge to the next level this morning.

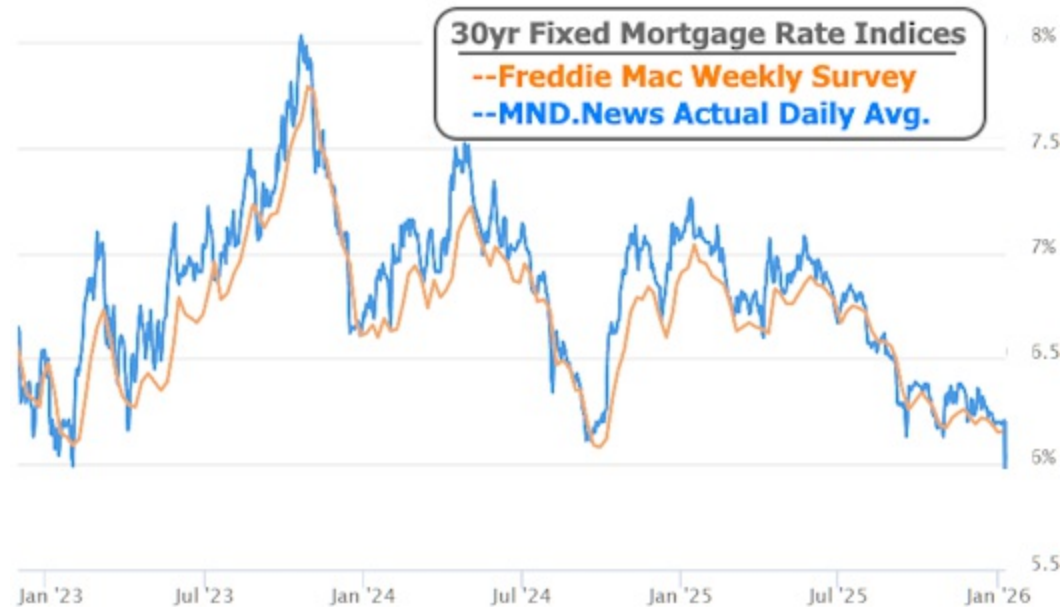
This matters because MBS dictate . When MBS are rising/improving/surging/etc., it implies lower rates.

MBS had improved so much this morning that the average lender released their best rate sheet since Feb 2, 2023--the lowest level since September 2022.



The caveat is that MBS experienced significant volatility throughout the day and that volatility is likely to continue. As of this afternoon, at least one lender has already bumped rates back up a bit. If more lenders follow suit, the end of day average rate could move up, but it would still likely be the lowest in at least a year.

Bottom line: the market didn't have much of a reaction at all to the jobs report. The MBS market continues sorting out a huge reaction to the GSE purchase news. Rates are definitely quite a bit lower. It remains to be seen how much lower they'll be when the initial volatility settles down--something that will probably require more clarity on the specifics of the MBS buying plan.



Time	Event	Actual	Forecast	Prior
Friday, Jan 09				
8:30AM	Dec Participation Rate ☆	62.4%		62.5%
8:30AM	Dec Average earnings mm (%) ★	0.3%	0.3%	0.1%
8:30AM	Dec Non Farm Payrolls (k) ★★	50K	60K	64K
8:30AM	Dec Unemployment rate mm (%) ★★	4.4%	4.5%	4.6%
10:00AM	Jan Sentiment: 5y Inflation (%) ☆	3.4%		3.2%
10:00AM	Jan Sentiment: 1y Inflation (%) ☆	4.2%		4.2%
10:00AM	Jan U Mich conditions ☆	52.4		50.4
10:00AM	Jan Consumer Sentiment (ip) ☆	54.0	53.5	52.9
Monday, Jan 12				
11:30AM	3-Yr Note Auction (bl)		58	
1:00PM	10-yr Note Auction (bl) ★	39		

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

Read My Latest Newsletter

Mortgage Rates Back in The 5's. Here's Why

This week's potential volatility was supposed to be all about the big jobs report, but an unexpected headline completely stole the show. On Thursday afternoon, Trump announced he would be directing his representatives to buy \$200bln in mortgage-backed securities (MBS). These are the bonds that directly impact mortgage rates and such a level of buying would easily push rates lower. The initia...

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- 📊 Blended Rate