

MARKET SUMMARY

Complete Recap of Today's Market Activity

Bond Market Only Marginally Interested in Powell Drama For Now

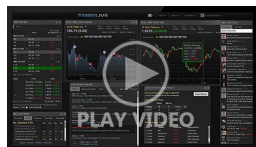
Market Summary: Monday, January 12, 2026 - 11:46AM

The most important-sounding news over the weekend was last night's subpoena of Fed Chair Powell over statements made to congress regarding the Fed's building renovations. Bond yields were slightly higher this morning and commentators erroneously connected those dots. There was actually no meaningful movement in either direction when the news hit, but trading volume confirms the news was noticed. Weakness crept in gradually in the overnight session and about half of it has been erased in early trading. The net effect is a bond market that continues to operate in the same old range, albeit close to the weaker boundary.

Market Movement Recap

08:54 AM Moderately weaker overnight but holding inside the range. 10yr up 1.9bps at 4.19. MBS down an eighth of a point.

Latest Video Analysis



Wild Ride For MBS as Traders Digest New Developments



Cardinal Mortgage Services

cardinal-mtg.com



MBS & Treasury Markets

UMBS 5.0	100.12	-0.38	10YR	4.184%	+0.013%	1/12/2026 4:46PM EST
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Forex markets also confirmed a reaction with the dollar losing obvious ground vs the Euro, but Treasury futures weren't well-correlated with that move. The following chart shows the percent change in EUR/USD and 10yr futures prices (note for the keen observers, the y-axis is inverted such that a lower orange line means lower bond yields and a lower blue line means a weaker dollar).

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ALERT: Heads Up: MBS Still Stronger But Well Off The Highs

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

Today's Mortgage Rates

30YR Fixed	6.01%	-0.05%	15YR Fixed	5.55%	-0.04%	1/12/2026
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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.

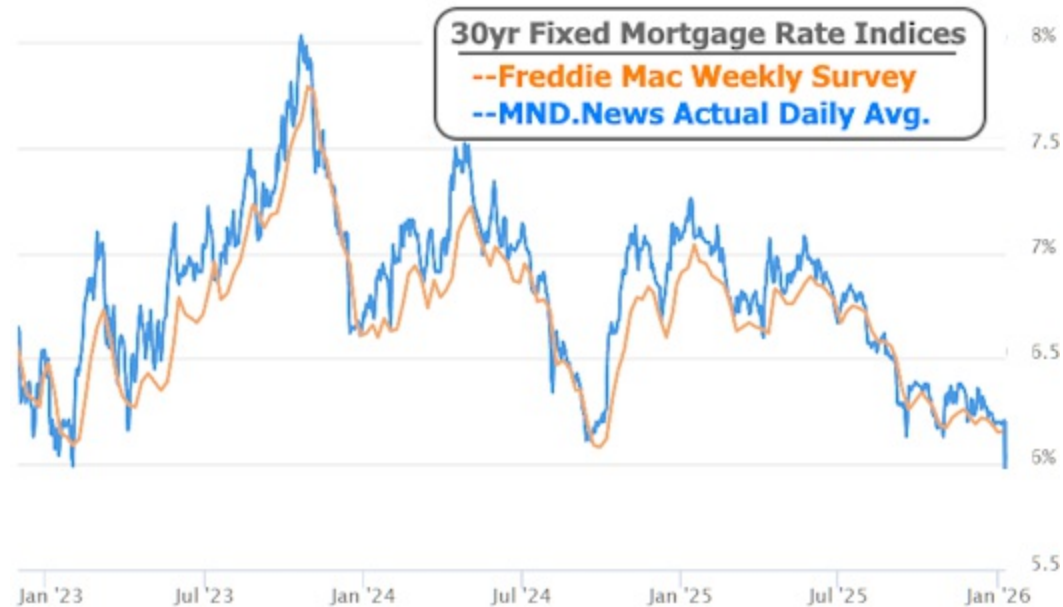
This matters because MBS dictate . When MBS are rising/improving/surging/etc., it implies lower rates.

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
Monday, Jan 12				
11:30AM	3-Yr Note Auction (bl)	58		
1:00PM	10-yr Note Auction (bl) ★	39		
Tuesday, Jan 13				
12:00AM	Roll Date - UMBS 30YR			
6:00AM	Dec NFIB Business Optimism Index		99.5	99.0
8:15AM	ADP Employment Change Weekly ★★			11.5K
8:30AM	Dec y/y Headline CPI (%) ☆		2.7%	2.7%
8:30AM	Dec m/m Headline CPI (%) ★		0.3%	
8:30AM	Dec y/y CORE CPI (%) ★★		2.7%	2.6%
8:30AM	Dec m/m CORE CPI (%) ★★		0.3%	
10:10AM	Jan IBD economic optimism		48.2	47.9
1:00PM	30-Yr Bond Auction (bl) ☆	22		
1:00PM	30-Year Bond Auction ☆			4.773%
2:00PM	Dec Federal budget (bl)			\$-173B

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...

Mortgage Calculators

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-  Advanced Loan Comparison
-  Early Payoff
-  Should I Refinance?
-  Rent vs. Buy
-  Blended Rate