

Some Asymmetric Risk When it Comes to Locking vs Floating

Market Summary: Thursday, January 15, 2026 - 4:45AM

Bonds improved today mostly in response to heavy stock losses creating some safe haven buying demand. Data wasn't heavily traded, but it didn't do any harm. Producer Prices were mixed, with an upward revision in September being offset by lower-than-expected inflation in November. Retail Sales (also November data) beat at the headline, but the control group (excludes autos/gas/building materials) was in line with estimates and October's number was revised lower. Despite the bond gains, mortgage rates were unchanged. This offers a potential clue about lenders being resistant to the notion of offering meaningful improvements from current levels in the short term.



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Latest Video Analysis



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MBS & Treasury Markets

UMBS 5.0	100.32	-0.08	10YR	4.143%	+0.011%	1/15/2026 4:44AM EST
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Today's Data is Proving Less Tradeable, But Doing No Harm

10yr Treasury futures volumes spiked about 5 times higher in the 2 minutes following yesterday's CPI than in the 2 minutes following this morning's PPI/Retail Sales combo. Annual PPI was the highest since July with headline and core both at 3.0%. But November's results were lower than expected (core m/m at 0.0 vs 0.2). It was a big upward revision to September that caused the uptick in the annual number. Retail sales came out a bit stronger at the headline level, but the core was as-expected and the previous month's core was revised down 0.2%. All told, there's no obviously bad news for bonds here and yields are unchanged to slightly lower so far.

ALERT: MBS at Weakest Levels; Reprice Risk Varies

MBS MORNING: Mixed, But Modestly Stronger Reaction to CPI

Today's Mortgage Rates

30YR Fixed	6.07%	+0.00%	15YR Fixed	5.58%	-0.01%	1/14/2026
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Mortgage Rates Unchanged Despite Bond Market Improvement

Trading levels in the bond market directly impact the rates that mortgage lenders can offer. This is why rates moved so much lower after last week's news regarding planned purchases of \$200bln in mortgage backed bonds.

But bonds aren't the only input for rates, and those other inputs can make for days like today where bonds are noticeably better while refuse to follow. Those other inputs aren't as easy to observe and quantify as the objective trading levels in the bond market, but in the current case, we can assume that at least some of the explanation has to do with mortgage lenders quickly becoming too busy to handle more volume.

"Busy" isn't necessarily the right word, but in this case, it's a catch-all term for the side effects of rapidly originating a much higher volume of new loans. One aspect has to do with the flow of funding. Lenders don't have unlimited cash to accept new lock commitments. As they approach those limits, they will raise rates (or not lower them as much as their peers) to deter new business.

A slightly more esoteric aspect has to do with deterring borrowers who recently acquired new mortgages from refinancing. Early payoffs (which mostly occur via refinancing when rates unexpectedly fall) cost lenders money because, on average, lenders pay more than the principal amount to originate a loan. They then rely on earning interest to offset that expense. An early payoff means they won't be able to collect that interest. As such, they have an incentive to avoid setting rates at low enough levels to entice recently minted mortgages from refi'ing.

In today's case the net effect was that the average lender was perfectly unchanged versus yesterday--not a bad outcome considering today is tied for the 3rd lowest rates of any day going back to early 2023.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Thursday, Jan 15				
8:30AM	Jan Philly Fed Prices Paid			43.60
8:30AM	Jan NY Fed Manufacturing ☆		1	-3.90
8:30AM	Jan/03 Continued Claims (k) ☆		1890K	1914K
8:30AM	Jan/10 Jobless Claims (k) ☆		215K	208K
8:30AM	Jan Philly Fed Business Index ☆		-2	-10.2
10:00AM	Nov Business Inventories (%) ☆			
Friday, Jan 16				
12:00AM	Roll Date - UMBS 15YR, Ginnie Mae 15YR			
9:15AM	Dec Industrial Production (%) ☆		0.1%	0.2%
10:00AM	Jan NAHB housing market indx		40	39

Recent Housing News

- [Existing-Home Sales Jump 5.1% in December, Strongest Pace in Nearly Three Years](#)
- [Bond Buying Announcement Leads Surge in Mortgage Apps](#)
- [Highest Existing Home Sales in 8 Months But Don't Get Excited](#)

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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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