

MARKET SUMMARY

Complete Recap of Today's Market Activity

Stronger Jobless Claims Leads to Early Selling

Market Summary: Thursday, January 15, 2026 - 1:55PM

The weekly jobless claims data (not to be confused with the big monthly jobs report) is hit and miss when it comes to its propensity to move the bond market. On occasions where the results fall far from the forecast, we tend to see moderate reactions. Odds increase when the headline breaks under the psychological level of 200k. With that, today's 198k print is having a bit of a negative impact on bonds at 8:30am, taking the market from roughly unchanged overnight levels into slightly weaker territory. A stronger Philly Fed index offered no solace.

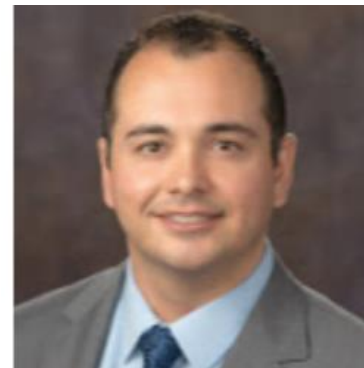
Market Movement Recap

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|----------|---|
| 08:31 AM | First move is weaker after lower jobless claims. MBS down an eighth and 10yr up 2.5bps at 4.157 |
| 10:50 AM | Lows of the day after rebounding into the 9:30am hour. MBS down 6 ticks (.19) and 10yr up 2.6bps at 4.159 |
| 01:48 PM | MBS down 6 ticks (.19) and 10yr up 2.1bps at 4.153 |

Latest Video Analysis



Some Asymmetric Risk When it Comes to Locking vs Floating



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MBS & Treasury Markets

UMBS 5.0	100.21	-0.20	10YR	4.153%	+0.021%	1/15/2026 1:54PM EST
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MBS Down an Eighth Since 9:30am ET

10yr yields are up 2.7bps on the day at 4.159 and MBS are down 6 ticks (.19) in total. Current levels for MBS aren't much lower than they were in the immediate wake of this morning's jobless claims data, but the issue is the rebound that took place heading into 9:30am.

Since those 9:30am highs, MBS are down another eighth of a point. Because some lenders released rate sheets around that time, this introduces a modicum of negative repricing risk for the jumpier among them.

Counterpoint: MBS improved yesterday but rate sheets didn't. This could suggest some level of "cushion" for lenders to absorb MBS losses without needing to reprice as urgently as normal.

MBS MORNING: Stronger Jobless Claims Leads to Early Selling

MBS MORNING: Today's Data is Proving Less Tradeable, But Doing No Harm

Today's Mortgage Rates

30YR Fixed	6.04%	-0.03%	15YR Fixed	5.57%	-0.01%	1/15/2026
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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.

Time	Event	Actual	Forecast	Prior
Thursday, Jan 15				
8:30AM	Nov Import prices mm (%)	0.4%	-0.1%	
8:30AM	Jan NY Fed Manufacturing ☆	7.70	1	-3.90
8:30AM	Jan/03 Continued Claims (k) ☆	1884K	1890K	1914K
8:30AM	Jan/10 Jobless Claims (k) ☆	198K	215K	208K
8:30AM	Jan Philly Fed Prices Paid	46.90		43.60
8:30AM	Jan Philly Fed Business Index ☆	12.6	-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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