

MARKET SUMMARY

Complete Recap of Today's Market Activity

A message from Marc Erickson:

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Heavy Overnight Selling But Inflation Narrative Remains in Doubt

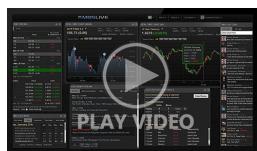
Market Summary: Tuesday, March 3, 2026 - 3:05PM

Bonds sold off again overnight with 10yr yields now challenging the 4.10% technical level in early trading. MBS are down another 3/8ths, roughly. And there's stronger correlation with higher oil prices and rising bond yields. So in light of our contrarian take yesterday, are we now forced to acquiesce to the "higher inflation/higher rates" narrative? Not entirely. While there's no doubt that a certain contingent of smaller traders are drawing that conclusion, and while there's better evidence for it in some of today's charts, there remains a problematic reality in an even simpler chart. There's a tradeable security that measures market-based inflation expectations and it has shown almost no uptick in the past 2 days. Smart analysts are calling out this oddity. Unfortunately, it doesn't do anything to help us explain the scope of the sell-off, but we strongly suspect Treasury issuance implications are a factor as they relate to military spending. Lastly, if we look at shorter-term TIPS, we can see slightly more inflation concern, but not enough to say "this is the main reason bonds are selling." That has us thinking about things like issuance implications from increased military spending.

Market Movement Recap

08:48 AM	Another overnight session with heavy selling. 10yr up 6.4bps at 4.099 and MBS down 9 ticks (.28).
10:58 AM	decent recovery in 10am hour. MBS down less than a quarter point now and 10yr up only 3.3bps at 4.069
01:39 PM	Recovery continues. MBS down only an eighth and 10yr up 1.6bps at 4.052

Latest Video Analysis



Big Bad Day For Bonds



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MBS & Treasury Markets

UMBS 5.0	100.04	-0.11	10YR	4.041%	+0.005%	3/3/2026 3:04PM EST
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Here are the charts showing how yesterday's correlations have reversed course today for stocks/bonds and oil/bonds.

Last but not least, this chart shows today's much more noticeable uptick in the implied Fed Funds Rate for the June meeting. In other words, rate cut odds evaporated more quickly today (although they have bounced back a bit since 6:30am ET).

ALERT: Down an Eighth From AM Highs

MBS MORNING: March Starts Sharply Weaker. Is it Iran?

Today's Mortgage Rates

30YR Fixed	6.13%	+0.01%	15YR Fixed	5.72%	+0.04%	3/3/2026
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Mortgage Rates Jump Back Into The 6's

began the new week with a fairly quick jump back into the low 6% range (top tier 30yr fixed rate for the average lender). With the news cycle very focused on developments in Iran, most coverage attempts to correlate geopolitical events with market movement.

The only legitimate way to do this would be to say that upward pressure on oil prices is translating to higher inflation implications and therefore higher rates. At many times in the past, this would be a solid conclusion. To some small extent, a case could even be made for this correlation accounting for a portion of today's weakness.

But most of the big, directional moves in oil prices over the past 2 days have failed to correlated with big moves in the bond market. Even when we zoom out to wider frames of reference, we see counterintuitive developments over the past several years. When oil peaked around \$120/bbl in 2022, 10yr Treasury yields were around 3%. When oil fell sharply into 2023, bond yields continued moving up and have held flat for the last few years even as oil gently declined.



Nonetheless, there are also pockets of correlation where we can see the two lines moving in the same direction. The only problem with that is that oil and rates can both respond to a third variable: economic strength. On that note, this week's economic data may be just as big of an influence on rate momentum while geopolitical developments represent a wild card that can create a backdrop of volatility.

Time	Event	Actual	Forecast	Prior
Tuesday, Mar 03				
9:55AM	Fed Williams Speech ☆			
10:10AM	Mar IBD economic optimism	47.5	50.1	48.8
11:55AM	Fed Kashkari Speech ☆			
6:00PM	Feb Total Vehicle Sales (ml)	15.8M	15.2M	14.9M
Wednesday, Mar 04				
7:00AM	Feb/27 MBA Refi Index			1432.9
7:00AM	Feb/27 MBA Purchase Index			149.7
7:00AM	Feb/27 Mortgage Market Index			340.2
8:15AM	Feb ADP jobs (k) ☆		50K	22K
9:45AM	Feb S&P Global Composite PMI ☆		52.3	53
9:45AM	Feb S&P Global Services PMI ☆		52.3	52.7
10:00AM	Feb ISM Services Employment ☆			50.3
10:00AM	Feb ISM Biz Activity ☆			57.4
10:00AM	Feb ISM Services Prices ☆			66.6
10:00AM	Feb ISM Services New Orders ☆			53.1
10:00AM	Feb ISM N-Mfg PMI ★★		53.5	53.8
10:30AM	Feb/27 Crude Oil Inventory (ml)		2.2M	15.989M
2:00PM	Fed Beige Book			

Recent Housing News

- Mortgage Demand Calm Before The Storm?
- Home Prices Still Rising, But Pace Remains Subdued
- New Home Sales Remain Near Recent Highs

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Mortgage Rates Set an Interesting Record This Week

Mortgage rates finished the week at their lowest levels since August 2022. In outright terms, this is far from the record lows, but rates set another kind of record. Volatility is a common negative side effect associated with rates hitting multi-year lows. For example, back on January 9th, the MND rate index briefly hit 5.99% before bouncing back to 6.06% later that same day, and 6.21...

Mortgage Calculators

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