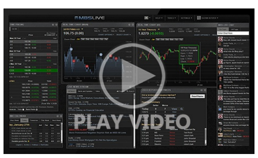
Volatile Day Thanks to Central Banks And, Eventually Oil

Market Summary: Friday, March 20, 2026 - 1:56AM

Bonds took a break from their lock-step tango with oil prices for most of today's session instead focusing on European Central Bank (ECB) policy news. Key considerations included a sharply higher inflation forecast, warnings of additional upside risks, and a repricing of rate hike (not cut) expectations for 2026. Combined with yesterday's bad reaction to the Fed, the front end of the yield curve got hit hard--especially in the morning--and the pain radiated outward from there. During the selling spree, oil prices were staying well behaved. It wasn't until the end of the day that geopolitical headlines helped oil prices drop sharply, bringing bond yields along for the ride.

Latest Video Analysis



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MBS & Treasury Markets

UMBS 5.0	98.99	+0.06	10YR	4.249%	-0.012%	3/19/2026 5:59PM EST

Negative Reprice Risk Increasing For Some Lenders

MBS are down 6 ticks on the day (.19) and roughly 6 ticks from the AM highs. Lenders who priced or repriced around the time of those highs could be considering negative reprices.

UPDATE: Back in Positive Territory as US Bonds Follow EU

MBS MORNING: Bonds Ignore Oil in Favor of Repricing The Rate Outlook

Today's Mortgage Rates

30YR Fixed	6.43%	+0.07%	15YR Fixed	6.02%	+0.05%	3/19/2026

Mortgage Rates Move Back Up Near Recent Highs

got hit 3 times on Wednesday, with the net effect being a move back up to the highest levels in several months. The average lender isn't quite as high as they were last Friday, but after late-day "reprices" many are fairly close.

The least of the bond market's concerns (bonds dictate rates) was this morning's inflation data. The Producer Price Index (PPI) was higher than expected on multiple fronts, including those that translate directly to higher consumer prices in the more robust PCE inflation data that comes out on April 9th. Higher inflation = higher rates, all else equal.

Inflation also figured into the morning's other development: a renewed surge in oil prices. Granted, it's not as big as some of the recent spikes, but as crude jumped roughly $6 per barrel, bond yields followed with a strong correlation.

The 3rd market mover was also inflation-related, but this time in the form of Fed comments. Fed Chair Powell's characterization of inflation progress left the market feeling hopeless regarding potential rate cuts any time soon. As always, it is the market's rate cut expectations that actually correlate with interest rate movement (whereas actual Fed rate cuts are old news by the time they happen).

Today's post-Fed press conference resulted in financial markets moving expectations for the next rate cut out to April of 2027. A day ago, the market saw no chance of a rate HIKE at the next Fed meeting. Today, it's nearly 5% (not high, but a notable shift nonetheless).

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Friday, Mar 20				
Monday, Mar 23				
10:00AM	Jan Construction spending (%)			0.3%

Recent Housing News

- Purchase Applications Buoy Mortgage Demand Amid Rising Rates
- Modest Recovery Keeps Existing Home Sales in The Same Old Range
- Highest Refi Demand in 4 Years After Last Week's Rate Rally

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From 3 Year Lows to 7 Month Highs in 2 Weeks

February ended with 30yr fixed rates at the lowest level in more than 3 years. There's been a grueling march higher since then with average rates ending the week at 7-month highs. While the first few days of March were open to some debate about the reasons for the rate spike, there's now only one elephant in the room, and it's a war elephant. Wars have various effects on financial...

Mortgage Calculators

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