

MARKET SUMMARY

Complete Recap of Today's Market Activity

Data Didn't Hurt, But Bonds Underperformed The Oil Price Recovery

Market Summary: Tuesday, May 5, 2026 - 4:16PM

Today's headline is somewhat misleading. It points out the fact that oil prices made it back to yesterday's lows whereas bond yields didn't even come close. This is all true, assuming we're looking at front month oil prices. But if we use a longer-term futures contract for oil, the correlation with bonds was actually closer to 1:1. Either way, the bond rally only unwound a fraction of yesterday's losses and that's especially true for MBS (5.0 coupons lost half a point yesterday, but regained less than a quarter point today). Econ data didn't hurt, but it didn't exactly help either. ISM and Job Openings were both very close to consensus.

Latest Video Analysis



Bonds Underperformed Oil Price Recovery

MBS & Treasury Markets

UMBS 5.0	98.30	+0.11	10YR	4.427%	-0.011%	5/5/2026 4:15PM EST
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Modest Recovery Ahead of Econ Data

After hitting the highest yields in more than a month yesterday, bonds have managed to pick up a few bps. The bulk of the recovery was already in place by yesterday's close, but yields dropped another 2bps after war-related headlines just after 8am (US general said Iran's attacks yesterday were below the threshold for war). Oil prices and bond yields continue the same old correlation.

Coming up at 10am ET, we'll get 2 economic reports that have historically been capable market movers: Job Openings and ISM Services. We've seen some evidence that the market is still willing to react to data if it's far enough from expectations, but that risk is a bit asymmetric at present. Reason being: investors are waiting for economic weakness to show up due to high fuel prices. So it doesn't take as much of an upside surprise in the data to cause bond market weakness. Conversely, if data is slightly weaker than expected, that would be less of a surprise to most investors and thus not as much of a benefit to bonds.

ALERT: Negative Reprices Becoming More Likely

ALERT: MBS Now Down 3/8ths on The Day



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Today's Mortgage Rates

30YR Fixed	6.54%	-0.02%	15YR Fixed	6.04%	-0.01%	5/5/2026
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Mortgage Rates Edge Just Barely Lower

One popular refrain in the mortgage industry is that rates take the escalator on the way up and the stairs on the way down. Yesterday was definitely an "escalator" sort of day with the average lender moving up 0.12% for a top-tier 30yr fixed rate.

Based on improvement in the bond market, rates are lower today, but just barely. It's not so much that rates are taking the stairs down, but more like they're a small child, waiting at the top of the staircase--afraid to take that first step. Some lenders are not even lower compared to yesterday's levels. Others are only modestly better.

The absence of better improvement is at least partly attributable to the slower movement in the underlying bond market. Specifically, today's bond rally (good for rates) is less than one third the size of yesterday's sell-off (bad for rates).

Time	Event	Actual	Forecast	Prior
Tuesday, May 05				
8:30AM	Feb Building Permits (ml)	1.538M		1.386M
8:30AM	Mar Building Permits (ml)	1.363M		1.538M
8:30AM	Mar Trade Gap (bl)	-\$60.3B	-\$60.9B	-\$57.3B
9:45AM	Apr S&P Global Services PMI ☆	51.0	51.3	49.8
9:45AM	Apr S&P Global Composite PMI ☆	51.7	52.0	50.3
10:00AM	Feb New Home Sales (ml) ☆	0.635M		0.587M
10:00AM	Feb New Home Sales (%) (%)	8.9%		-17.6%
10:00AM	Apr ISM N-Mfg PMI ★★	53.6	53.7	54.0
10:00AM	Apr ISM Services Employment ☆	48.0		45.2
10:00AM	Apr ISM Services Prices ☆	70.7		70.7
10:00AM	Apr ISM Biz Activity ☆	55.9		53.9
10:00AM	Apr ISM Services New Orders ☆	53.5		60.6
10:00AM	Mar New Home Sales (%) (%)	7.4%		-17.6%
10:00AM	Mar JOLTs Job Quits (ml) ☆	3.171M		2.974M
10:00AM	Mar USA JOLTS Job Openings (ml) ★	6.866M	6.84M	6.882M
10:00AM	May IBD economic optimism	42.6	42	42.8
10:00AM	Mar New Home Sales (ml) ☆	0.682M	0.65M	0.587M
10:00AM	Fed Bowman Speech ☆			
10:20AM	NY Fed Bill Purchases 1 to 4 months (%)		\$7.585 billion	
11:30AM	6-Week Bill Auction (%)			3.590%
12:30PM	Fed Barr Speech ☆			
Wednesday, May 06				
7:00AM	May/01 MBA Purchase Index			177.7
7:00AM	May/01 Mortgage Market Index			298.5
7:00AM	May/01 MBA Refi Index			977.9
8:15AM	Apr ADP jobs (k) ☆		99K	62K
9:30AM	Fed Musalem Speech ☆			
10:30AM	May/01 Crude Oil Inventory (ml)		-2.8M	-6.233M
1:00PM	Fed Goolsbee Speech ☆			
1:30PM	Fed Hammack Speech ☆			