

MARKET SUMMARY

Complete Recap of Today's Market Activity

Slightly Hotter CPI No Problem For Bonds

Market Summary: Tuesday, May 12, 2026 - 1:54PM

This morning's Consumer Price Index (CPI) came in slightly hotter than expected with core inflation running 2.8% annual vs 2.7% forecasts and overall inflation at 3.8% vs 3.7%. Bonds have traded both ways after the data, but after 20 minutes, yields were actually LOWER by a hair. What gives? We know traders are trading the data based on volume. The stalemate could have to do with core goods (a proxy for tariff-related inflation) moving lower. The Fed has called this category out as a prerequisite for considering rate cuts again. The rest of the data was less friendly but housing played an outsized role. This is actually better for the rate outlook because traders think housing will ultimately trend lower over time. That said, the non-housing metric (supercore, .454% monthly and 3.32% annually) remains far too high for a rate cut discussion to be on the table for the foreseeable future.



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Latest Video Analysis



Over Before It Began.

MBS & Treasury Markets

UMBS 5.0	98.25	-0.15	10YR	4.450%	+0.041%	5/12/2026 11:49AM EST
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Weakest Levels

MBS are down another 2-3 ticks (.06 - .09) from the previous lows, slightly increasing negative reprice risk.

10yr yields are up 4.8bps at 4.457--not much higher than previous highs. There haven't been any notable moves since the selling mentioned in the last alert.

ALERT: MBS Down More Than an Eighth From Highs

MBS MORNING: Slightly Hotter CPI No Problem For Bonds

Today's Mortgage Rates

30YR Fixed 6.56% +0.07%

15YR Fixed 6.04% +0.04%

5/12/2026

Mortgage Rates Rising to Start New Week

Last week was decidedly stronger for as they either held steady or moved lower on 5 out of 5 days. All told, it was a 0.14% drop from the previous week in terms of the average top-tier 30yr fixed rate.

The new week is starting out in opposite fashion with rates moving up 0.07% today alone. This follows news over the weekend that Trump rejected Iran's counterproposal to end the war. In general, the longer the war continues, the higher oil prices will remain.

Oil price don't dictate rates, but there's currently a lot of correlation due to inflation implications. Oil naturally impacts the cost to ship goods, so a rapid spike in oil prices increases inflation. Rates are based on bonds, and bonds hate inflation. In fact, inflation is technically a component of bond yields (aka "rates").

Despite the rocky start to the week, we're not necessarily destined to move in one direction or the other. Everything depends on progress toward peace, or lack thereof. To a lesser extent, this week's incoming economic data can also have an impact. Coincidentally, much of that data focuses on inflation for the month of April.

Time	Event	Actual	Forecast	Prior
Tuesday, May 12				
12:00AM	Roll Date - UMBS 30YR			
3:15AM	Fed Williams Speech ☆			
6:00AM	Apr NFIB Business Optimism Index	95.9	96.1	95.8
8:15AM	ADP Employment Change Weekly	33.0K		39.25K
8:30AM	Apr m/m Headline CPI (%) ★	0.6%	0.6%	0.9%
8:30AM	Apr m/m CORE CPI (%) ★★	0.4%	0.3%	0.2%
8:30AM	Apr y/y CORE CPI (%) ★★	2.8%	2.7%	2.6%
8:30AM	Apr y/y Headline CPI (%) ☆	3.8%	3.7%	3.3%
11:30AM	6-Week Bill Auction (%)	3.615%		3.630%
12:00PM	WASDE Report (%)			
1:00PM	10-yr Note Auction (bl) ★	42		
1:00PM	Fed Goolsbee Speech ☆			
2:00PM	Apr Federal budget (bl)	\$215B	\$220B	-\$164.1B
Wednesday, May 13				
7:00AM	May/08 MBA Refi Index			928.6
7:00AM	May/08 MBA Purchase Index			171.1
7:00AM	May/08 Mortgage Market Index			285.3
8:30AM	Apr PPI y/y ☆		4.9%	4%
8:30AM	Apr Core PPI m/m (%) ☆		0.3%	0.1%
8:30AM	Apr Core PPI y/y (%) ☆		4.3%	3.8%
8:30AM	Apr PPI m/m (%) ☆		0.5%	0.5%
10:30AM	May/08 Crude Oil Inventory (ml)		-1.6M	-2.314M
11:30AM	Fed Collins Speech ☆			
1:00PM	30-Year Bond Auction ☆			4.876%
1:00PM	30-Yr Bond Auction (bl) ☆		25	
1:15PM	Fed Kashkari Speech ☆			
7:00PM	Fed Logan Speech ☆			