MARKET SUMMARY

Complete Recap of Today's Market Activity

Increasing Signs of Bond-Specific Panic

Market Summary: Tuesday, May 19, 2026 - 12:02PM

Ever since the initial 2 week ceasefire was announced in the Iran war, the bond market has adhered to trend channels that align with either de-escalation or re-escalation sentiment. Nothing too complicated here: if sentiment is trending in favor of peace, bonds have rallied. If sentiment is deteriorating, bonds have sold off. There was a temporary diversion as traders waited to see if last week's China summit would be a catalyst for a shift. When the summit failed to deliver, yields jumped back in line with the re-escalation trend. Now this morning, they're already challenging the bearish boundary of that trend WITHOUT any new justification from an oil price spike, stock market rout, or any new news on the war. In other words, bonds are telling politicians to get serious about ending the war or face increasingly dire consequences.

Latest Video Analysis

Bombarded by Headlines, But Little-Changed

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COLLABORATIVE CAPITAL

MBS & Treasury Markets

UMBS 5.0	96.93	-0.49	10YR	4.648%	+0.059%	5/19/2026 9:59AM EST

Some Support and Some Reprice Risk (It's Weird)

We're sending this out as an "update" as opposed to an alert to acknowledge the supportive trading seen in the past hour. In other words, it looks like bonds may have found their footing for now.

But this morning has a weird trading pattern which has basically been a freefall in bond prices from the outset. Typically, such freefalls are mostly over by the time lender rate sheets come out. This one, however, was still in progress.

That means that lender pricing strategies had to be more forward looking if they'd hoped to account for the continuation of the selling. We think a good portion of them have succeeded, but a few clearly haven't. In other words, even though a lender's rates are higher this morning, if the initial rate sheet isn't weak enough, there's still some risk of a negative reprice.

On the other hand, lenders who were especially defensive (i.e. they raise rates a lot) will be in a position to consider positive reprices if bonds recover a bit more ground.

In nuts and bolts terms, 5.0 MBS are down 5/8ths and 5.5 MBS are down half a point. In both cases, more than a an eighth of a point of that weakness has arrived since 10am.

MBS MORNING: Increasing Signs of Bond-Specific Panic

ALERT: Negative Reprices Becoming More Likely

Today's Mortgage Rates

30YR Fixed	6.75%	+0.07%	15YR Fixed	6.25%	+0.13%	5/19/2026

Mortgage Rates Start Week at New 9 Month High, But Just Barely

hit their highest levels in more than 9 months at the end of last week. Now today, they've edged slightly higher yet again with the average top tier 30yr fixed rate at 6.68% versus 6.65% on Friday.

This wasn't necessarily destined to be the case today. In fact the day began with the average lender unchanged. But the underlying market remains highly attuned to breaking news on the Iran war.

Earlier in the day, that news was helpful for rates as it spoke to the possibility of compromise on a peace deal. Subsequent headlines refuted the initial news, thus pushing the financial market back in the other direction (i.e. toward higher rates).

The result was that the average lender recalled their initial rate offerings and re-released higher rates. Things were on track to be even worse this afternoon when Trump said he was cancelling a planned attack and that serious negotiations were taking place. This helped bonds recover some of the earlier losses, but not enough for lenders to make any friendly rate adjustments today.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Tuesday, May 19				
12:00AM	Roll Date - Ginnie Mae 30YR			
8:15AM	ADP Employment Change Weekly	42.25K		33.0K
9:00AM	Fed Waller Speech ☆			
10:00AM	Apr Pending Home Sales (%) ☆	1.4%	1%	1.5%
11:30AM	6-Week Bill Auction (%)	3.580%		3.615%
7:00PM	Fed Paulson Speech ☆			
7:30PM	Fed Venable Speech ☆			
Wednesday, May 20				
7:00AM	May/15 Mortgage Market Index			290.1
7:00AM	May/15 MBA Refi Index			921.1
7:00AM	May/15 MBA Purchase Index			177.7
8:00AM	Fed Paulson Speech ☆			
10:15AM	Fed Barr Speech ☆			
10:30AM	May/15 Crude Oil Inventory (ml)			-4.306M
1:00PM	20-Yr Bond Auction (bl)		16	
2:00PM	FOMC Minutes ★★			