

MARKET SUMMARY

Complete Recap of Today's Market Activity

Increasing Signs of Bond-Specific Panic

Market Summary: Tuesday, May 19, 2026 - 3:52PM

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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UMBS 5.0 96.91 -0.50	10YR 4.650% +0.061%	5/19/2026 1:49PM EST
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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
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Mortgage Rates Jump Again, Now up 0.75% Since Start of The War

It was another rough day for the bond market and, thus, for . Investors aggressively sold bonds in the first 2 hours of trading, taking 10yr Treasury yields to the highest level in more than a year.

Mortgage-specific bonds have been doing better versus Treasuries in recent months thanks to increased purchase demand from Fannie Mae and Freddie Mac. All else equal, higher demand for mortgage bonds = lower rates, relatively. In the current case, it means haven't moved up as much as Treasury yields over the past 6 months.

That said, rates have still definitely moved higher. Today's top tier 30yr fixed rate is up to 6.75% for the average lender--the highest since July 2025, and a whopping 0.75% higher since before the Iran war began. This makes it the fastest rate spike seen since late 2024.

[thirtyyearmortgagerates]

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 ★★			