

MARKET SUMMARY

Complete Recap of Today's Market Activity

Ultimately Uneventful Despite Modest Weakness

Market Summary: Friday, July 17, 2026 - 7:34AM

Bonds lost ground modestly today with the ultimate damage being roughly an eighth of a point for MBS and less than a bp for 10yr yields. The selling was led by the short end of the curve (i.e. 2yr yields were up 1.5bps). There wasn't any obvious catalyst apart from an ongoing surge in fuel prices. Perhaps most notably, fuel futures peaked at the same time as bond yields and both declined together after that. We're also not bothered by the short end leading the selling considering how resoundingly it led the rally over the past 2 days. Bottom line: this feels like incidental consolidation after a solid 2-day rally and not something that's indicative of new momentum.

Latest Video Analysis



Ultimately Uneventful Despite Modest Weakness



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MBS & Treasury Markets

UMBS 5.5	100.02	+0.13	10YR	4.531%	-0.025%	7/17/2026 5:29AM EST
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Are Bonds High on Crack (Spreads)?

The term "crack spread" is quickly becoming mainstream--especially over the past few weeks. It's more of a concept than a specific metric, but it most frequently refers to the margin between input and output costs for fuel (gas, diesel, etc). Petro-nerds seem to like the 3-2-1 crack spread, which covers both gas and diesel (3 barrels of oil margin vs 2 barrels of gas and 1 barrel of diesel). While it's true that we could simply look at RBOB or ULSD futures to gauge price changes at the pump, crack spreads speak to the current state of supply/demand imbalance. They suggest conditions remain tight for fuel prices. A widening crack spread suggests the move in gas prices is being reinforced by refined-product fundamentals rather than merely reflecting a change in crude oil. Notably, crack spreads have correlated with bonds better than individual fuel metrics when we examine large, long-term shifts in fuel prices.

But in the medium term, fuel futures (like gas/diesel... not crude oil) are still probably even more relevant. Either way, looming fuel cost implications are weighing on bonds.

MBS MORNING: PPI Does Its Best CPI Impression. Bonds Like It

MBS MORNING: Strong Start After Sharply Lower CPI

Today's Mortgage Rates

30YR Fixed	6.68%	+0.04%	15YR Fixed	6.19%	+0.01%	7/16/2026
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Mortgage Rates Move Slightly Higher

While some news stories suggest that rates are the highest in 11 months today, that's not quite true. The highest rates of the year were seen on July 13th and May 19th when our 30yr fixed index hit 6.75%. The index was at 6.68% today, up from 6.64% yesterday.

Any news regarding "highest rates since August 2025" is almost certainly citing Freddie Mac's weekly rate index which takes a 5 day trailing average rate through Wednesday and reports it on Thursday.

As for the reason for today's increase, there really isn't a satisfying scapegoat. The strongest case to be made is that bond yields (highly correlated with) topped out at the same time as fuel price futures.

[thirtyyearmortgagerates]

Time	Event	Actual	Forecast	Prior
Friday, Jul 17				
12:00AM	Roll Date - Ginnie Mae 30YR			
8:30AM	Jun Housing starts number mm (ml)	1.427M	1.31M	1.177M
8:30AM	Jun Import prices mm (%)	0.3%	-0.7%	1.9%
8:30AM	Jun Building Permits (ml)	1.367M	1.40M	1.41M
9:15AM	Jun Industrial Production (%) ☆		0.2%	0.1%
10:00AM	Jul Sentiment: 1y Inflation (%) ☆			4.6%
10:00AM	Jul Sentiment: 5y Inflation (%) ☆			3.3%
10:00AM	Jul Consumer Sentiment (ip) ☆		51	49.5
10:00AM	Jul U Mich conditions ☆		48.7	47.7
Monday, Jul 20				
9:20AM	NY Fed Bill Purchases 1 to 4 months (%)		\$5.180 billion	
10:00AM	Jun CB Leading Index MoM (%)		0.1%	0.1%