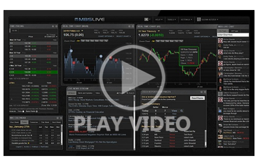
Bonds Grudgingly Giving Back Last Week's Inflation Rally

Market Summary: Tuesday, July 21, 2026 - 3:59PM

While last week's CPI and PPI reports were unabashedly great news, the bond market spent Friday and yesterday gradually unwinding most of the resulting gains. The least complicated way to approach this phenomenon would be to observe that fuel prices spent the same 2 days breaking to the highest levels since May 19th and they continue to hold near those highs today. Even without that fuel price rally, we were already skeptical that June inflation data was a durable justification for lower yields in light of the resurgence of the Iran war in July and the associated resurgence of inflation risks. As we discussed last week in the "crack spread" article, the x factor here is the fact that consumer fuel prices are doing much worse than oil prices suggest. A chart of 10yr yields vs gasoline futures makes this clear. In this context, bonds are actually a bit stronger than the May 19th correlation suggested.

Latest Video Analysis



New Week. Same Old Story

Dan Clifton
The Home Loan Guru,
Clifton Mortgage Solutions
CliftonMortgageSolutions.com
P: (888) 681-0777
M: (407) 252-3039
dan@cliftonmortgagesolutions.com
1177 Louisiana Ave
Winter Park FL 32789
NMLS #284174

EQUAL HOUSING LENDER

EQUAL HOUSING OPPORTUNITY

MBS & Treasury Markets

UMBS 5.5	99.52	-0.14	10YR	4.625%	+0.032%	7/21/2026 5:55PM EST

Heads-Up: Down a Quick 6 Ticks (.19)

Once again, the 9:30am NYSE open has proved problematic for the bond market with modest overnight weakness giving way to more forceful selling over the past 10 min.

10yr yields are up another few bps for a total of 4bps on the day at 4.632.

MBS are down a quick 6 ticks (.19) on the day and at least an eighth of a point from AM highs. This isn't necessarily an intraday reprice risk situation, but could be a consideration for those of you who still have access to lock yesterday's rates.

MBS MORNING: Bonds Grudgingly Giving Back Last Week's Inflation Rally

ALERT: Negative Reprice Risk Increasing

Today's Mortgage Rates

30YR Fixed	6.75%	+0.04%	15YR Fixed	6.20%	+0.02%	7/21/2026

Rates Match Longer-Term High For The 3rd Time in 2026

In late July, 2025, 30yr fixed rates embarked on an excellent adventure, moving down from 6.75% on July 31st to 5.99% by late February, 2026. Since then, things haven't been great thanks to war-related fuel price drama and stronger econ data (the supreme court ruling on tariffs didn't help either, because it increased Treasury issuance implications).

Regardless of motivations, the net effect was a return to 6.75% on May 19th, 2026. Momentum has been fairly sideways since then, with the 6.75% level being revisited last Monday and now again today.

For those who want to keep the analysis simple, fuel prices do a good enough job explaining the move. In fact, August gasoline futures also just hit their May 19th highs this week--perfectly aligning with the round trip in rates. For those who want a bit more precision, we can also consider earnings season in the stock market which has created trading patterns among money managers that have pulled money out of the bond market over the past 2 days (bond selling = higher rates, all else equal).

[thirtyyearmortgagerates]

Economic Calendar

Time	Event	Actual	Forecast	Prior
Tuesday, Jul 21				
8:15AM	ADP Employment Change Weekly	16.5K		19.75K
11:30AM	6-Week Bill Auction (%)	3.650%		3.640%
Wednesday, Jul 22				
7:00AM	Jul/17 Mortgage Market Index			259.1
7:00AM	Jul/17 MBA Refi Index			821.9
7:00AM	Jul/17 MBA Purchase Index			157.2
9:20AM	NY Fed Bill Purchases 4 to 12 months (%)		$3.453 billion	
10:30AM	Jul/17 Crude Oil Inventory (ml)		-1.5M	-1.693M
1:00PM	20-Yr Bond Auction (bl)	13		