MARKET SUMMARY

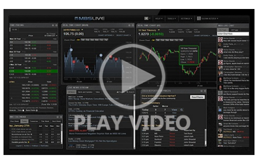
Complete Recap of Today's Market Activity

Compared to Oil, Yields Not Quite as Willing to Drop

Market Summary: Monday, July 27, 2026 - 9:49PM

While the moment-to-moment correlation between bond yields and oil prices remained almost perfectly intact today, yields were less willing to follow the bigger drops. In other words, if we benchmark bonds to oil price movement, they underperformed the drop in oil prices. $139 billion in Treasury auctions and defensive positioning ahead of Wednesday's Fed announcement likely both contributed to that underperformance. Bottom line: it's encouraging to see the willingness to follow oil, but we won't be able to see more unrestrained trading until after Wednesday afternoon.

Latest Video Analysis



Bond Yields Underperformed The Oil Price Drop

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MBS & Treasury Markets

UMBS 5.5	99.36	+0.24	10YR	4.644%	-0.039%	7/27/2026 7:43PM EST

Less Bombing. More Rallying

It's a pretty simple morning for the bond market (and many other markets). While there's no formal ceasefire, both the U.S. and Iran have indicated a pause in the tit for tat airstrikes that have characterized most of July. Oil dropped sharply on the news though it's not clear exactly how much because markets were fully closed at the time. Still, it's safe to assume a majority of the move in oil/bonds/stocks is directly correlated. This gets 10yr yields just back under the upper line of the long-term trend channel after spending the last 2 days above. Econ data was a non-event this morning, and the calendar doesn't really become consequential until Wednesday afternoon's Fed announcement.

ALERT: Negative Reprice Risk Increasing Slightly

MBS MORNING: Token Support in Bonds After Oil Drops Overnight

Today's Mortgage Rates

30YR Fixed	6.80%	-0.01%	15YR Fixed	6.33%	-0.01%	7/27/2026

Mortgage Rates Roughly Unchanged Versus Friday's Lows

After bottoming out around 6.5% in late June, moved steadily higher this month, ultimately hitting 6.85% last Thursday--the highest level in over a year. There was a modest recovery on Friday with a fair amount of intraday changes from the average mortgage lender.

Because rates are based on bonds, it's worth noting that bonds are in better shape today compared to Friday's latest levels. But if we use Friday's stronger mid-day levels as a baseline, bonds are just barely stronger. As such, it's no surprise to see mortgage rates just barely lower.

The key consideration for the bond market over the weekend was the announcement of a pause in the fighting in Iran. This helped oil prices move lower, thus lowering inflation implications and bond yields. This is the financial market's way of saying can also come down.

The caveat is of course that a resurgence of fighting in Iran could cause oil and inflation expectations to rise again, thus putting renewed pressure on rates. In addition, Wednesday's Fed announcement is also a potential source of volatility. The Fed is not expected to hike or cut, but the market is less convicted than normal about the Fed's likely course of action. That means the result will be somewhat surprising to a larger share of the market than normal, and that's a recipe for volatility.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Monday, Jul 27				
8:30AM	Jun Durable goods (%) ☆	0.3%	2.5%	-4.5%
8:30AM	Jun Core CapEx (%) ☆	0.9%	0.8%	1.6%
11:30AM	2-Yr Note Auction (bl)	69		
1:00PM	5-Yr Note Auction (bl) ★	70		
Tuesday, Jul 28				
8:15AM	ADP Employment Change Weekly			16.5K
9:00AM	May CaseShiller 20 mm nsa (%)			1%
9:00AM	May FHFA Home Price Index m/m (%)		0.2%	-0.1%
9:00AM	May Case Shiller Home Prices-20 y/y (%) ☆		1.3%	1.1%
9:00AM	May FHFA Home Prices y/y (%) ☆			2%
10:00AM	Jul CB Consumer Confidence (%) ☆		92.2	91.2
11:30AM	6-Week Bill Auction (%)			3.650%
1:00PM	7-Yr Note Auction (bl) ★		44	