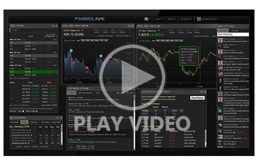
MARKET SUMMARY
Complete Recap of Today's Market Activity

Bullets Dodged

Market Summary: Friday, July 31, 2026 - 7:24AM

We've seen our fair share of bonds punishing the market on occasions where bond traders were forced to worry about a significant change in a fiscal or monetary regime (or the absence of a desired change). Wednesday's reaction to the Fed ran the risk of setting the stage for similar momentum. While it did technically continue, it was far less forceful on Thursday. Additionally, the evidence was limited to curve steepening rather than outright losses (apart from 30yr bonds). In short, bonds fired a warning shot, but they're not going to obsess about it unless given additional reasons. Econ data was plentiful this morning, but had little impact on trading levels. Oil/fuel price correlations remain and should continue to provide guidance for bonds until war-related volatility is in the rearview.

Latest Video Analysis



Bullets Dodged

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MBS & Treasury Markets

UMBS 5.5	99.40	+0.10	10YR	4.652%	-0.022%	7/31/2026 5:19AM EST

Sideways Start is a Victory

This morning could have been much worse. The bond market could have continued spiraling on fear that it is now responsible for conducting monetary policy--something that sounds weird when you first read it, but is actually central to the discussion based on Warsh's comments in yesterday's press conference. In short, bonds tightened policy yesterday and acknowledged that the Fed did not (2yr lower, 10/30yr much higher). That theme is continuing this morning, but thankfully is only playing out in curve trading as 30yr bonds are flat while 2yr yields continue dropping. Ho-hum econ data helped by staying out of the way (no major reaction in terms of volume or volatility as it stands). MBS are up just over an eighth and 10s are down 2bps. Bad news: rates/yields are still right in line with long-term highs. Good news: they're not breaking those highs.

ALERT: Negative Reprice Risk Increasing

ALERT: Lenders Who Dropped Rates After Fed May Need to Reprice

Today's Mortgage Rates

30YR Fixed	6.77%	-0.01%	15YR Fixed	6.31%	-0.01%	7/30/2026

Mortgage Rates Sideways to Slightly Lower

It's not at all uncommon for to experience microscopic movement in either direction on any given day. In fact, it's probably the most common eventuality over time. In that sense, today was unremarkable with the average lender moving just a hair lower versus yesterday's latest levels.

But in another sense, it's very good news. After yesterday's market reaction to the Fed press conference, there was a risk that bonds (which dictate rates) would continue their protest. The absence of additional drama suggests the reaction was "one and done."

This morning's economic data had a small chance to cause a reaction in rates, but it turned out to be uneventful and possibly even helpful.

[thirtyyearmortgagerates]

Economic Calendar

Time	Event	Actual	Forecast	Prior
Friday, Jul 31				
8:30AM	Q2 Employment costs (%)		0.8%	0.9%
9:45AM	Jul Chicago PMI		56	56.7
10:00AM	Jul U Mich conditions		54.9	47.7
10:00AM	Jul Consumer Sentiment (ip)		54.0	49.5
10:00AM	Jul Sentiment: 1y Inflation (%)		4.2%	4.6%
10:00AM	Jul Sentiment: 5y Inflation (%)		3.3%	3.3%
Monday, Aug 03				
9:45AM	Jul S&P Global Manuf. PMI		53.8	53.9
10:00AM	Jul ISM Mfg Prices Paid			73.0
10:00AM	Jul ISM Manufacturing PMI			53.3
10:00AM	Jul ISM Manufacturing Employment			49.7
10:00AM	Jun Construction spending (%)			0.1%