MARKET SUMMARY

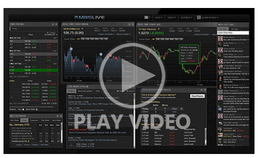
Complete Recap of Today's Market Activity

Esoteric Forex Drama Blasts Bonds, Maybe

Market Summary: Sunday, August 2, 2026 - 5:57PM

Friday was very much NOT on the beaten path of typical bond market considerations with most of the selling arguably stemming from Japanese currency intervention. We've seen similar episodes in the past, but today's installment came with a twist. In addition to Japan confirming it was selling foreign bonds to prop up Yen values, the U.S. Treasury also apparently got involved. It warned dealers that it could make trades to support the Yen. No one but those involved knows if that means anything beyond using the ESF to execute currency trades, but the net effect seems to have been to grease the skids for U.S. accounts to sell Treasuries first and ask questions later. This isn't necessarily the final story either. It was also month-end, and it's also the week before the jobs report on a summertime Friday. Volume was fairly light relative to the size of the sell-off.

Latest Video Analysis



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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

Gina Carbonetti

Realtor, Home Again Realty

https://GinaMovesYou.com

P: (407) 252-3039

M: (407) 928-0036

Gina@FLHomesByGina

1177 Louisiana AVe
Winter Park Florida 32789

BK3055442

MBS & Treasury Markets

UMBS 5.5	98.91	-0.39	10YR	4.736%	+0.062%	7/31/2026 5:00PM EST

More Yen Intervention. New Lows For MBS

There's been another wave of Treasury selling that lines up with another surge in Yen values. Based on this morning's headlines, this suggests large scale efforts on the part of US institutions to sell Treasuries and buy JPY-denominated debt.

MBS are definitely not immune. 5.5 coupons are now down 3/8ths on the day and roughly an eighth of a point since many lenders' rate sheet print times.

Given that lenders were forced to price into a sell-off this morning, we'd expect reprice thresholds to be a bit bigger than normal. Still, if you were planning on locking today, there's no longer any sense in waiting for rates to improve.

ALERT: Quickly Moving to New Lows

MBS MORNING: Japan Currency Intervention, Oil, and Data Causing Some Selling

Today's Mortgage Rates

30YR Fixed	6.83%	+0.06%	15YR Fixed	6.32%	+0.01%	7/31/2026

Mortgage Rates Back Near Long-Term Highs

To be fair, haven't been far from their long-term highs in over a week, but today's 30yr fixed index level of 6.83% is functionally equivalent to the actual long-term high of 6.85% seen on July 23rd.

Higher rates are driven by weakness in the bond market. The latter can happen for many reasons. Sometimes those reasons are as simple as an economic report showing stronger job growth or higher inflation. Other times, the reasons are more esoteric.

Today's bond market weakness may have been modestly influenced by this morning's Employment Cost Index, but the bigger issue was definitely in the esoteric category. It involved behind the scenes intervention in forex on the part of the Treasury Department and its Japanese counterpart (Japan's Ministry of Finance).

In not so many words, Japan occasionally sells dollar-denominated bonds in order to buy Yen-denominated bonds in order to make its own currency more valuable. Today, the U.S. did the same in order to take some control of that narrative and have a say in the bonds that were being sold. Either way, bond selling = higher rates, all else equal.

[thirtyyearmortgagerates]

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Friday, Jul 31				
8:30AM	Q2 Employment costs (%) ★★	0.9%	0.8%	0.9%
9:45AM	Jul Chicago PMI ☆	57.6	56	56.7
10:00AM	Jul U Mich conditions ☆	54.8	54.9	47.7
10:00AM	Jul Consumer Sentiment (ip) ☆	55.2	54.0	49.5
10:00AM	Jul Sentiment: 1y Inflation (%) ☆	4.2%	4.2%	4.6%
10:00AM	Jul Sentiment: 5y Inflation (%) ☆	3.3%	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 ★		70	73.0
10:00AM	Jul ISM Manufacturing PMI ★★		54	53.3
10:00AM	Jul ISM Manufacturing Employment			49.7
10:00AM	Jun Construction spending (%)		0.2%	0.1%
2:00PM	Loan Officer Survey			