Stronger Start on Iran News, Stronger Data Taken in Stride

Market Summary: Monday, August 3, 2026 - 2:33PM

Bonds opened the trading session in much stronger territory, following the drop in oil prices associated with another round of de-escalation hopes in the Iran war. The root cause was the cancellation of planned air strikes as well as comments that suggested a reopening of negotiations. As has been the case, markets don't really care if there's much substance or probability. It gets traded moderately and instantly simply due to possibility. Bonds were at their best levels just before 8am and had lost a bit of the rally by 10am. At that point, stronger ISM Services data momentarily threatened to extend the correction, but there was less than 20 seconds of selling before yields moved back below pre-data levels.

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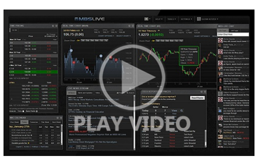
Latest Video Analysis



Esoteric Forex Drama Blasts Bonds, Maybe

MBS & Treasury Markets

UMBS 5.5	99.16	+0.27	10YR	4.687%	-0.048%	8/3/2026 12:29PM EST

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ALERT: More Yen Intervention. New Lows For MBS

ALERT: Quickly Moving to New Lows

Today's Mortgage Rates

30YR Fixed	6.82%	-0.01%	15YR Fixed	6.32%	+0.00%	8/3/2026

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
Monday, Aug 03				
9:45AM	Jul S&P Global Manuf. PMI	53.9	53.8	53.9
10:00AM	Jul ISM Mfg Prices Paid	71.1	70.3	73.0
10:00AM	Jul ISM Manufacturing PMI	55.6	54	53.3
10:00AM	Jul ISM Manufacturing Employment	52.8		49.7
10:00AM	Jun Construction spending (%)	-0.1%	0.2%	0.1%
2:00PM	Jul Total Vehicle Sales (ml)		16.3M	16.5M
2:00PM	Loan Officer Survey			
Tuesday, Aug 04				
8:30AM	Jun Trade Gap (bl)		$-73.0B	$-77.6B
9:20AM	NY Fed Bill Purchases 1 to 4 months (%)		$5.179 billion	
10:00AM	Jun JOLTs Job Quits (ml)			3.065M
10:00AM	Aug IBD economic optimism		47.5	45.5
10:00AM	Jun Factory orders mm (%)		0.2%	-1.3%
10:00AM	Jun USA JOLTS Job Openings (ml)		7.45M	7.594M
11:30AM	6-Week Bill Auction (%)			3.700%