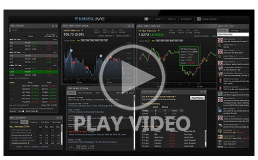
# Bonds Rally After Treasury Buyback Announcement (NOT QE)

**Market Summary:** Wednesday, August 19, 2026 - 2:20PM

At 8:30am, Treasury announced it would double the size of the existing buyback program from $2 to $4 billion for 10-30yr maturities. This sounds like a big deal, but it's only really a medium deal. It's not QE and it never was. Treasury has been conducting buyback operations for more than 2 years and the primary purpose is to support LIQUIDITY in the bond market rather than to influence yield levels. Nonetheless, the bond market can't help but experience some impact to yield when these things are announced/changed simply because it affects the composition of buying demand. Specifically, if Treasury is buying illiquid, older securities from sellers who might have otherwise not even tried to sell them. This frees up their balance sheet space to do "other stuff" in the bond market ranging from "buying more short-term Treasury debt" to simply serving as another source of general liquidity at a time where liquidity is a steadily increasing concern.

Roland Wilcox
Owner / Loan Officer, Sierra Capital Mortgage Co.
P: (626) 449-8545
1055 E. Colorado Blvd.
Pasadena CA 91106
245214

## Latest Video Analysis




Boring Day But at Least it Ended Green

## MBS & Treasury Markets

| UMBS 5.5 | 99.57 | +0.31 | 10YR | 4.639% | -0.067% | 8/19/2026 4:15PM EST |
|---|---|---|---|---|---|---|

## MBS Down More Than an Eighth From Highs

MBS are still an eighth of a point higher on the day, but down 5 ticks (.16) from the AM highs. Those highs happened fairly close to the earliest lenders' rate sheet print times. As such, negative reprices can't be ruled out completely even though it would probably take another tick or two of weakness for the average lender to pull the trigger.

**MBS MORNING:** Bonds Rally After Treasury Buyback Announcement (NOT QE)

**MBS MORNING:** Weaker Start, But Traders Buying The Dip

| 30YR Fixed | 6.72% | -0.03% | 15YR Fixed | 6.27% | -0.04% | 8/19/2026 |
|---|---|---|---|---|---|---|

## Mortgage Rates Continue Higher Despite Bond Market Improvement

rose for the third straight day on Tuesday with the average top-tier 30yr fixed rate moving up a modest 0.02% to 6.75%. Notably, the bond market was actually in slightly better shape compared to yesterday--something that would normally be good news for rates.

So what's the catch? As is often the case when bonds and mortgages disagree, the x factor is timing. Mortgage lenders prefer to release rates once per day (usually around 10am ET) and they only change rates if the underlying bond market makes a big enough move in either direction.

Bonds lost ground yesterday, but not enough for the average lender to go to the trouble of raising the rates set earlier in the day. As such, lenders had to adjust for that bond market weakness with this morning's offerings. Ironically, the opposite dynamic is playing out today with bonds improving versus opening levels, but not by enough for the average lender to drop the rates set this morning.

Now for some context in 3 different levels: current levels are slightly below the mid-point of the past 4 weeks, but the past 4 weeks are at the top of the range seen over the past year. Lastly, the past year has been the the best 12 month stretch for rates since late 2022 and present rates remain below the mid-point of the past 4 years.

[thirtyyearmortgagerates]

## Economic Calendar



| Time | Event | Actual | Forecast | Prior |
|---|---|---|---|---|
| **Wednesday, Aug 19** | | | | |
| 12:00AM | Roll Date - Ginnie Mae 30YR | | | |
| 7:00AM | Aug/14 Mortgage Market Index | 247.7 | | 248.6 |
| 7:00AM | Aug/14 MBA Purchase Index | 154.8 | | 157.9 |
| 7:00AM | Aug/14 MBA Refi Index | 755.9 | | 744.4 |
| 10:30AM | Aug/14 Crude Oil Inventory (ml) | 4.405M | -0.6M | 17.422M |
| 1:00PM | 20-Yr Bond Auction (bl) | 16 | | |
| 2:00PM | FOMC Minutes ★★ | | | |
| **Thursday, Aug 20** | | | | |
| 8:30AM | Aug/15 Jobless Claims (k) ☆ | | 210K | 209K |
| 8:30AM | Aug Philly Fed Prices Paid | | | 53.90 |
| 8:30AM | Aug/08 Continued Claims (k) ☆ | | 1790K | 1777K |
| 8:30AM | Aug Philly Fed Business Index ☆ | | 25 | 41.4 |
| 10:00AM | Jul CB Leading Index MoM (%) | | 0.1% | -0.2% |
| 1:00PM | 30-Yr Bond Auction (bl) ☆ | 8 | | |