

MARKET SUMMARY

Complete Recap of Today's Market Activity

AM Rally Ultimately Sticks With Help From Oil

Market Summary: Thursday, August 20, 2026 - 4:08AM

To be clear, most of today's rally is attributable to the news on the Treasury buyback program discussed in the morning commentary. Today's consumer rate commentary also has a useful set of bullet points to recap the changes. Ultimately, the buyback news simply meant that the shortest-term debt suffered at the expense of longer-term debt. To put this in perspective, consider that 30yr yields are almost 10bps lower than they were at the open whereas 2yr yields are actually a few bps higher. If today's news was truly akin to QE or any sort of accommodation goal, we would not be seeing such trade-offs in the yield curve. Last but not least, oil prices made a round trip today from the lows of the day this morning at 8:35am to highs at 1pm and back down near the lows by the close. That ebb and flow coincided with intraday bond market volatility almost perfectly.

Latest Video Analysis



AM Rally Ultimately Sticks With Help From Oil



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MBS & Treasury Markets

UMBS 5.5	99.57	-0.01	10YR	4.643%	-0.003%	8/20/2026 2:04AM EST
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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

Today's Mortgage Rates

30YR Fixed	6.72%	-0.03%	15YR Fixed	6.27%	-0.04%	8/19/2026
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Why Mortgage Rates Didn't Fall as Much as 30yr Bonds Today

dropped on Wednesday due to a combination of lower oil prices and the announcement of changes to Treasury's bond buyback program.

The oil price angle is easy to understand. Throughout the war, higher fuel prices have caused volatility in inflation expectations and inflation is a critical consideration for bonds/rates.

The Treasury buyback news is more complex and highly oversimplified by the average piece of media coverage. Here are the details that matter:

- The original buyback program began in 2024 under the Biden admin when Yellen was the Treasury secretary
- It is not quantitative easing or "new money creation."
- Treasury gets money from issuing bonds or via other federal receipts (taxes, tariffs, etc)
- The program was continued/expanded under Trump/Bessent
- Today's announcement increased the amount of longer-term Treasuries that can be purchased in any given scheduled buying operation.
- The goal of the program is to promote smoother functioning of the financial market, but it has a tangential benefit to certain .
- Because today's announcement focused on longer-term Treasuries, longer-term rates/yields fell the most. Shorter-term rates actually moved up (which makes sense because the money to buy more long-term bonds technically comes at the expense of short-term bonds, all else equal).

On major catch for 30yr fixed mortgage rates is that the average mortgage-backed bond for those rates only typically lasts 5-7 years on average. So even though a mortgage CAN last for 30 years, the market treats them more like 5 year bonds because "duration" is everything when it comes to bond market valuation. All that to say: mortgage rates fell, but not as much as 30yr bonds (which fell A LOT today).

Time	Event	Actual	Forecast	Prior
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		
Friday, Aug 21				
9:45AM	Aug S&P Global Services PMI ☆		54	54.6
9:45AM	Aug S&P Global Manuf. PMI ☆		53.9	53.9
9:45AM	Aug S&P Global Composite PMI ☆			54.5