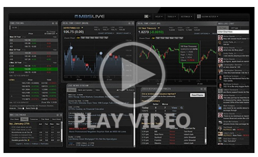
MARKET SUMMARY
Complete Recap of Today's Market Activity

Back on The Pain Wagon (Which Runs on Oil)

Market Summary: Thursday, August 20, 2026 - 10:48AM

The correlation between bonds and fuel prices was already creeping back into the picture yesterday. After the Treasury buyback announcement got all of the morning's attention, fuel prices guided the ebbs and flows in the second half of the day. Now today, we're fully back to regularly scheduled programming and there are only so many shows.

Latest Video Analysis



AM Rally Ultimately Sticks With Help From Oil

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MBS & Treasury Markets

UMBS 5.5	99.26	-0.31	10YR	4.702%	+0.056%	8/20/2026 12:45PM EST

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ALERT: MBS Down More Than an Eighth From Highs

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

30YR Fixed	6.76%	+0.04%	15YR Fixed	6.30%	+0.03%	8/20/2026

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).

Economic Calendar

Time	Event	Actual	Forecast	Prior
Thursday, Aug 20				
8:30AM	Aug/15 Jobless Claims (k) ☆	206K	210K	209K
8:30AM	Aug Philly Fed Prices Paid	40.90		53.90
8:30AM	Aug/08 Continued Claims (k) ☆	1799K	1790K	1777K
8:30AM	Aug Philly Fed Business Index ☆	47.4	25	41.4
10:00AM	Jul CB Leading Index MoM (%)	0.2%	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