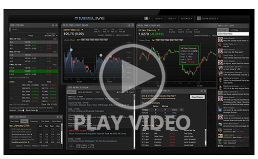
Yields Launch Higher After Balmy NFP

Market Summary: Friday, September 4, 2026 - 11:18AM

The jobs count surged higher (162k vs 56k f'cast) in this morning's jobs report. While such wild divergences will have the masses crying foul, and while this is a large beat, it's not the first time that the headline job count has been this far off forecasts. This is especially understandable amid recent volatility in labor force composition. One minor saving grace is the steady unemployment rate, but unfortunately, the participation rate increased by 0.2%, which means the unemployment rate would have fallen 0.1-0.2 (depending on rounding) all else equal. Bonds weakened immediately on the news but 10yr yields are currently only 2.8 bps higher on the day.

Latest Video Analysis



Still a Resilient Day Despite Afternoon Weakness

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MBS & Treasury Markets

UMBS 5.5	98.78	-0.18	10YR	4.785%	+0.016%	9/4/2026 9:14AM EST

Bonds Only Moderately Higher After Balmy NFP

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The put this in better context, it has basically erased yesterday's Waller reaction in Fed Funds Futures--not a big move in the bigger picture.

ALERT: MBS Down an Eighth From Mid-Day Highs

MBS MORNING: Some Signs of Resilience

Today's Mortgage Rates

30YR Fixed	6.88%	-0.03%	15YR Fixed	6.48%	-0.02%	9/3/2026

Mortgage Rates Drop to Week's Best Levels

finally had a decent day on Thursday after spending the previous three days inching into the highest levels in more than a year. Part of the improvement was due to comments from Fed Governor Chris Waller who said that it wouldn't be necessary to hike rates at the next meeting unless inflation data surprises to the upside.

Before that, the underlying bond market was already showing some resilience in overnight trading. The prevailing pattern has been a fairly reliable correlation between bond yields and oil prices. But this time around, yields held fairly steady in the overnight session even though oil prices moved higher.

Mortgage rates are based on bonds, and mortgage-specific bonds correlate almost flawlessly with 5-10yr U.S. Treasuries on any given day. The net effect was a return to the week's lowest levels for a top-tier 30yr fixed rate at the average lender.

Good news notwithstanding, risks remain on the horizon. Friday morning brings important economic data in the form of the jobs report. Next week's inflation data will be just as critical. As always, data-related volatility cuts both ways. If it's much weaker than expected, rates would likely continue lower. But if it's much higher than expected, rates would likely make new highs.

Economic Calendar

Time	Event	Actual	Forecast	Prior
Friday, Sep 04				
8:30AM	Aug Average earnings mm (%)	0.3%	0.3%	0.1%
8:30AM	Aug Non Farm Payrolls (k)	162K	56K	-23K
8:30AM	Aug Unemployment rate mm (%)	4.1%	4.1%	4.1%
8:30AM	Aug Participation Rate	61.6%		61.4%
Monday, Sep 07				
12:00AM	Labor Day			