MARKET SUMMARY

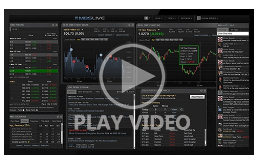
Complete Recap of Today's Market Activity

Sharply Weaker Again. Half Oil. Half PPI

Market Summary: Thursday, September 10, 2026 - 2:06PM

It's been a rough couple of days for the bond market. Yesterday, it was Bessent and the reaction to the Treasury buyback announcement. Today it is an overnight surge in oil prices and a lackluster reaction to the Producer Price Index (PPI). PPI doesn't tend to move markets as much as CPI (due out tomorrow), but it certainly can for two reasons: on the rare occasions when it is released before CPI and when its components suggest an increase in PCE inflation. In other words, parts of the PPI data have a bearing on PCE and PCE is ultimately what matters most. The market doesn't always trade it that way because PPI/CPI reveal so much about PCE that PCE is less of a surprise by the time it comes out. About half of this morning's weakness was in place before PPI due to the overnight oil price spike. Bonds are showing their first indication that they might try to find their footing with 10yr yields around 4.92, but we're not counting chickens yet.

Latest Video Analysis



Bonds to Bessent: Challenge Accepted

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UMBS 5.5	97.74	-0.70	10YR	4.922%	+0.082%	9/10/2026 12:04PM EST

Heads-Up: Down More Than an Eighth From AM Highs

Compared to the MBS price highs seen after 9am ET this morning, we're currently down 6 ticks or 0.19.

This would normally be more than enough to see a few negative reprices, but there are two other considerations.

1. Lenders were more conservative than normal due to the big AM sell-off.

2. It's not always the highs that matter as much as where prices were when an individual lender generates their first rate sheet (and those prices were a few ticks below the highs).

Still, best-case scenario, lenders are seeing at least an eighth of a point of weakness. As such, negative reprices can't be ruled out even if they're slightly less likely than a normal day with an eighth of a point of weakness.

MBS MORNING: Sharply Weaker Again. Half Oil. Half PPI

ALERT: One More For Emphasis: Reprices Are Now Highly Likely

30YR Fixed	7.07%	+0.10%	15YR Fixed	6.62%	+0.08%	9/10/2026

Mortgage Rates Jump After New Treasury Buyback Announcement

What do have to do with Treasuries? Quite a lot, actually. U.S. Treasuries are the bills and bonds issued by the government. In addition to financing government spending, they are also the lifeblood of the financial system. Due to that central role, their liquidity, the immense size of the market, and because they're considered to be "risk free," Treasuries also serve as the baseline for most other in the U.S.

This isn't to say that mortgage lenders simply look at Treasury yields plus a margin to set mortgage rates. But the trading value of Treasuries has a bearing on how mortgage-specific bonds trade. Put most simply, a mortgage bond buyer/seller compares returns between mortgage bonds and Treasuries to get an idea of the relative value of mortgage bonds. This impacts supply and demand such that mortgage rates typically behave very much like medium-term Treasuries.

With all that out of the way, we're equipped to understand that any big news for Treasuries (even if it's specific to Treasuries) can have far reaching consequences. Today's big news involved a much-anticipated announcement of the size of the next Treasury buyback program. It's not important to understand the nuts and bolts of that program when it comes to today's mortgage rates. What's important is that the market was expecting a bigger announcement than it got.

Even though Treasury buybacks ultimately imply more Treasury sales, they can temporarily boost demand and put downward pressure on rates. If the buyback amount is lower than expected, that means less demand than expected and higher rates, all else equal.

Mortgage rates were already treading water at long term highs. Today's increase merely caused another incremental jump to slightly higher highs. Last week, rates were the highest since June 2025. Today, they're the highest since May 2025.

[thirtyyearmortgagerates]

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Thursday, Sep 10				
8:30AM	Aug/29 Continued Claims (k) ☆	1774K	1780K	1779K
8:30AM	Sep/05 Jobless Claims (k) ☆	206K	205K	206K
8:30AM	Aug Core PPI m/m (%) ☆	0.2%	0.3%	0.2%
8:30AM	Aug Core PPI y/y (%) ☆	4.6%	4.6%	4.2%
8:30AM	Aug PPI y/y ☆	5.4%	5.3%	4.7%
8:30AM	Aug PPI m/m (%) ☆	0.4%	0.4%	0%
9:20AM	NY Fed Bill Purchases 4 to 12 months (%)		$2.122 billion	
10:00AM	Aug Existing home sales (ml) ☆	3.98M	3.98M	4.06M
10:00AM	Aug Exist. home sales % chg (%) ☆	-2%		-1.7%
12:00PM	Sep/04 Crude Oil Inventory (ml)	-0.391M	-1.6M	-4.45M
1:00PM	30-Yr Bond Auction (bl) ☆	22		
1:00PM	30-Year Bond Auction ☆	5.308%		5.216%
Friday, Sep 11				
12:00AM	Roll Date - UMBS 30YR			
8:30AM	Aug y/y Headline CPI (%) ☆		3.4%	3.4%
8:30AM	Aug m/m CORE CPI (%) ★★		0.2%	0.2%
8:30AM	Aug m/m Headline CPI (%) ★		0.4%	0.1%
8:30AM	Aug y/y CORE CPI (%) ★★		2.4%	2.5%
10:00AM	Sep Consumer Sentiment (ip) ☆		51	51.7
10:00AM	Sep Sentiment: 1y Inflation (%) ☆			4%
10:00AM	Sep Sentiment: 5y Inflation (%) ☆			3.3%
10:00AM	Sep U Mich conditions ☆		51.3	51.9
12:00PM	WASDE Report (%)			
2:00PM	Aug Federal budget (bl)		$-404B	$-432B