

MARKET SUMMARY

Complete Recap of Today's Market Activity

Different Week, Same Selling

Market Summary: Monday, September 14, 2026 - 1:40PM

Selling continues to be the path of least resistance for the bond market. Open interest data from Treasury futures suggests Friday's "short-covering" assessment may not be the only story. Reason being: open interest moved HIGHER (it would be much easier to conclude short-covering drove the move if open interest was lower). The counterpoint is that new short positions in the afternoon could have merely offset the AM short-covering. Heading into the current week, bonds did their best to hold flat overnight but have been increasingly pressured by fuel prices and technicals. Oil is up about \$4 from Friday and there was additional technical selling when 10yr yields hit 5%. Bigger decisions will be made after Wednesday's Fed announcement--for better or worse.

Latest Video Analysis



AM Rally Completely Erased By The Close



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UMBS 5.5	97.32	-0.03	10YR	4.959%	-0.011%	9/14/2026 11:34AM EST
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Back Into Positive Territory After War/Trump Headlines

Several headlines have contributed to a reversal in the AM weakness. These included Trump saying Iran wanted to make a deal and Iran saying the U.S. is seeking a step-by-step agreement with Iran.

Based on 10yr yields hitting 5% and stocks flirtingly with multi-week lows, this has some pundits speculating that market conditions have gotten weak enough to force the hands of diplomacy.

10yr yields are quickly down 3.4bps at 4.936 and MBS are up 2 ticks (.06). Negative reprice risk has been replaced by positive reprice potential

ALERT: Down More Than an Eighth Since 9:30am

MBS MORNING: Different Week, Same Selling

Today's Mortgage Rates

30YR Fixed 7.17% +0.05%

15YR Fixed 6.70% +0.05%

9/14/2026

Mortgage Rates Held Fairly Steady Until Late in The Day

Looked at in a vacuum, and up until the last few hours of the day, Friday was no better or worse than the average day over the past several months. Compared to yesterday morning's levels, the average lender was 0.01% higher--a small enough move to be effectively considered "unchanged." This expanded to 0.05% in the last few hours as multiple lenders increased rates.

In terms of big-picture benchmarks, the increase officially brings rates to their highest levels since early 2025. To be clear, we were just barely lower than May 2025 levels yesterday. Now we're in line February 2025 levels.

The intraday market movement was interesting. The bond market (which underlies mortgage rate movement) actually improved this morning even though Fed rate hike expectations increased following a slightly hotter inflation reading in this morning's economic data.

This is an uncommon pattern. There are two ways to look at it. First, longer-term rates may have been encouraged by the uptick in Fed rate hike expectations because that provided reassurance that Fed was more likely to take steps to combat higher inflation. In other words, some of the upward pressure in longer-term rates is thought to have been driven by fear of Fed inaction.

If this morning's inflation data was hot enough to increase the odds of action, but not so hot as to cause a material change in the inflation outlook, it's the perfectly warm bowl of porridge. In OTHER other words, yes! There's a scenario where longer-term rates (things like mortgages and 5-10yr Treasury yields) actually WANT the shortest-term rates (like the Fed Funds Rate) to move higher.

The other way to look at it involves traders' underlying positions. This is more esoteric, so we won't fully dissect it here. The gist is that traders could either be buying bonds to open new "long" positions betting on rates falling or to close previous "short" positions (bets on rates rising). The latter is known as short-covering and it's a less sustainable source of downward pressure on rates.

Why would that matter today? Because as the day progressed, we saw bond yields gradually return to the morning highs, basically erasing the paradoxically strong reaction to this morning's inflation data.

At the very least, we can say that today's high stakes inflation data didn't end up doing too much incremental harm to the rate outlook. Next week's Fed announcement (and the associated market reaction) will tell us a lot more about the road ahead for rates.

Time	Event	Actual	Forecast	Prior
Monday, Sep 14				
Tuesday, Sep 15				
8:15AM	ADP Employment Change Weekly			12K
8:30AM	Sep NY Fed Manufacturing ☆		14.75	20.60
11:30AM	6-Week Bill Auction (%)			3.740%
12:00PM	NOPA Crush Report (%)			
1:00PM	20-Yr Bond Auction (bl)	13		