MARKET SUMMARY

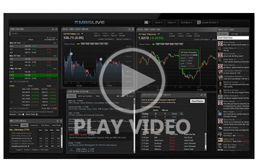
Complete Recap of Today's Market Activity

Huge Volatility After Fed, But The Coming Days Will Tell The Story

Market Summary: Wednesday, September 16, 2026 - 6:02PM

Bonds ended the day only modestly worse off than yesterday afternoon. That's a pretty impressive accomplishment considering the Fed hiked rates and communicated at least one more rate hike in 2026. Nearly half the FOMC sees at least 2 more hikes in this cycle. Warsh's comments ratcheted up the hawkishness considerably. Intraday market movement told a completely different story compared to the modest day-over-day change. The rate hike itself had no impact. Case in point bonds didn't move from 2pm to 2:30pm ET. It was only after Warsh's press conference began that bonds progressively tanked. So what was the x factor? In a nutshell, Warsh said the economy was strengthening, the Fed's focus is primarily on inflation (instead of labor market), and inflation trends haven't improved. This isn't one shocking revelation, but rather a coherent justification for a hawkish Fed policy stance that likely involves additional rate hikes with broad support from the committee. Had this been a token rate hike followed by a press conference in which Warsh expressed concern about whether the hike would ultimately prove to be justified, bonds may not have reacted nearly as much. As it stands, it's something of a sea-change from Warsh and sounds a lot more like a fairly substantial shift in the Fed's policy regime. While this is ultimately what's needed when it comes to lower mortgage rates in the future, the unmitigated level of hawkishness pushes the turning point farther into that future than a half-hearted rate hike would have.

Latest Video Analysis



Huge Volatility After Fed

Dan Clifton

The Home Loan Guru,
Clifton Mortgage Solutions

CliftonMortgageSolutions.com

P: (888) 681-0777

M: (407) 252-3039

dan@cliftonmortgagesolutions.com

1177 Louisiana Ave
Winter Park FL 32789

NMLS #284174

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MBS & Treasury Markets

UMBS 6.0	99.59	+0.07	10YR	4.991%	-0.011%	9/15/2026 8:00PM EST

Negative Reprice Risk Increasing

MBS are now down an eighth of a point from many lenders' rate sheet print times. As such negative reprice risk is increasing.

ALERT: Bonds Losing More Ground Now as Warsh Begins Speaking

ALERT: Fed Hikes. Modest MBS Weakness

Today's Mortgage Rates

30YR Fixed	7.24%	+0.02%	15YR Fixed	6.84%	+0.02%	9/16/2026

Mortgage Rates Higher Again Ahead of Fed

moved higher for the 6th day in a row on Tuesday and to the highest levels since January, 2025. The average top-tier 30yr fixed rate is up to 7.22% and the most prevalently-quoted top-tier rate is 7.25%. Over the past 6 days, the average is up 0.33%, which is is the most abrupt jump since October 2024.

At least some of the recent volatility is due to the implications of recent economic data and oil price implications on Fed policy. Tomorrow brings the next regularly-scheduled Fed announcement. Markets are heavily betting that the Fed hikes rates at this meeting.

Despite the expectations, not all experts agree that a hike is a foregone conclusion. As such, no matter what the Fed does, there's a higher risk of a volatile response in rates.

Volatility can go both ways, of course. The Fed Funds Rate applies to a different part of the rate continuum than mortgage rates. Even in the past 6 weeks, we've seen several examples of Fed Funds Rate expectations move in the opposite direction from longer-term rates like mortgages.

All that to say, a Fed rate hike tomorrow--in and of itself--does not necessarily mean higher mortgage rates. In fact, some would argue that an absence of a Fed rate hike could be the worse outcome for longer-term rates. Speculation aside, there is more to a Fed announcement than a mere "cut/hold/hike" decision, and markets will take all of it into consideration before committing to a big reaction.

[thirtyyearmortgagerates]

Economic Calendar

Time	Event	Actual	Forecast	Prior
Wednesday, Sep 16				
12:00AM	Roll Date - UMBS 15YR, Ginnie Mae 15YR			
7:00AM	Sep/11 MBA Refi Index	627.1		687.3
7:00AM	Sep/11 MBA Purchase Index	156.2		157.5
7:00AM	Sep/11 Mortgage Market Index	230.8		240.6
8:30AM	Aug Import prices mm (%)	0.7%	0.4%	-0.4%
8:30AM	Aug Retail Sales (%) ★★	1.2%	0.8%	-0.6%
8:30AM	Aug Retail Sales Control Group MoM ★★	1.4%	0.4%	-0.4%
10:00AM	Jul Business Inventories (%) ☆	0.8%	0.3%	0%
10:00AM	Sep NAHB housing market indx	32	34	35
10:30AM	Sep/11 Crude Oil Inventory (ml)	-0.64M	-1.6M	-0.391M
2:00PM	FOMC Economic Projections ★★			
2:00PM	Interest Rate Projection - 1st Yr	4.1%		3.6%
2:00PM	Interest Rate Projection - 2nd Yr	3.9%		3.4%
2:00PM	Interest Rate Projection - Longer	3.2%		3.1%
2:00PM	Interest Rate Projection - Current	4.1%		3.8%
2:00PM	Interest Rate Projection - 3rd Yr	3.6%		3.1%
2:00PM	Fed Interest Rate Decision ★★	4%	4%	3.75%
2:30PM	Warsh Press Conference ★★			
Thursday, Sep 17				
8:30AM	Sep/05 Continued Claims (k) ☆		1780K	1774K
8:30AM	Sep/12 Jobless Claims (k) ☆		208K	206K
8:30AM	Sep Philly Fed Business Index ☆		30.5	47.4
8:30AM	Aug Housing starts number mm (ml)		1.31M	1.239M
8:30AM	Aug Building Permits (ml)		1.41M	1.433M
8:30AM	Sep Philly Fed Prices Paid			40.90
10:00AM	Aug Pending Home Sales (%) ☆		2%	-2.3%
1:00PM	10-yr Note Auction (bl) ★	19		