

MARKET SUMMARY

Complete Recap of Today's Market Activity

Even More Confirmation Throughout The Day

Market Summary: Friday, September 18, 2026 - 6:32AM

It was heartening to see bonds erase yesterday's losses by the time domestic trading got underway today. Unmitigated victory would have required flat/higher oil prices. Instead, we were forced to wonder how much credit to give lower oil prices versus the expectation that longer-term rates would paradoxically appreciate a more [hawkish](#) Fed stance. This uncertainty increasingly vanished throughout the day. Oil prices steadily rose more than \$3 between 8:30am and 1pm, but bonds were sideways to stronger the entire time. There's still some caution suggested by a technical floor at 4.94%, but yields are now flirting with a break below that level in after-hours trading (even as oil prices remain more than \$2 higher than this morning). We're not out of the woods yet, but today looks to have been a step in the right direction. All this having been said, rates aren't immune from future spikes if econ data, issuance, or fuel prices surprise to the upside.

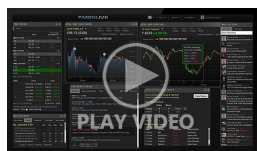


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Latest Video Analysis



More Confirmation Throughout The Day

MBS & Treasury Markets

UMBS 6.0	99.85	-0.11	10YR	4.950%	+0.017%	9/18/2026 4:29AM EST
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Stars Aligning, Oil Falling, Or Some of Both?

Heading into yesterday's rate hike, recent evidence suggested the longer end of the bond market would appreciate a hike. There was no telling exactly how this would impact rates on Fed day itself--only that it was probably the lesser of two evils in the coming weeks. It was highly reassuring to see essentially no reaction to the rate hike in the first 30 minutes. But the press conference introduced additional selling pressure (obviously). Now this morning, bonds have gone a long way toward fulfilling the paradoxical prophecy. Even though a good amount of credit must be given to lower oil prices, there is still excess positive momentum in bonds that can't be explained by oil.

The following chart shows bond yields dropping much faster than oil prices this morning in order to return to a more correlated trend. This is a demonstration of excess strength in bonds because they've generally been doing a bit worse than a 1:1 oil price correlation would suggest. Most simply, there are several times in the past week where both yields and oil prices were at the same levels they are this morning. In other words, there's no longer any lasting evidence of yesterday's Fed press conference sell-off.

ALERT: Negative Reprice Risk Increasing

ALERT: Bonds Losing More Ground Now as Warsh Begins Speaking

Today's Mortgage Rates

30YR Fixed	7.19%	-0.05%	15YR Fixed	6.81%	-0.03%	9/17/2026
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Mortgage Rates Back Near Lows of The Week

We love it when a plan comes together. Heading into yesterday's Fed announcement, the hope was that a rate hike would reassure investors in longer-term bonds (like those that underlie). We also didn't expect that benefit to necessarily play out on the day of the hike itself (it didn't).

In fact, Fed day threw rates a bit of a curveball--not because the Fed hiked, but rather, due to the implications for additional hikes in Fed Chair Warsh's press conference. Thankfully, as of today, Warsh's unexpected hawkishness proved to be a temporary inconvenience for the market and rates are now back to the lowest levels of the past 4 days (and very close to the lowest levels of the week seen on Monday).

There's no guarantee about where we'll go from here, but common themes remain important. These include big ticket economic data and oil price volatility relating to Iran war developments.

After hitting 7.24% yesterday, the average top-tier 30yr fixed rate is back down to 7.19%.

Time	Event	Actual	Forecast	Prior
Friday, Sep 18				
12:00AM	Roll Date - Ginnie Mae 30YR			
9:15AM	Aug Industrial Production (%) ☆		0.3%	0.2%
9:30AM	Fed Bowman Speech ☆			
10:00AM	Aug CB Leading Index MoM (%)		0.1%	0.2%
Monday, Sep 21				
6:30AM	Fed Goolsbee Speech ☆			