Slightly Stronger Start Despite Higher Oil Prices

Market Summary: Thursday, September 24, 2026 - 1:44PM

Let's not get too excited. After all, today's yields are the second highest in 19 years, but still... this morning's price action is better than a sharp stick in the eye. Bonds held almost perfectly flat in the overnight session and Fed rate expectations tempered yesterday's exuberance a bit (hence, 2yr yields are down 3-4bps more than 10yr yields). The refreshing part is that we're seeing modest gains despite oil prices being a few bucks higher. In other words, oil gave bonds an excuse to keep losing ground this morning, but instead, we're modestly stronger. None of today's data has the same "shoot the moon" potential as did yesterday's PMIs, and the market would hesitate to draw overly dire conclusions even if today's 7yr Treasury auction is bumpy. For the most part, we're waiting for next week's econ data.

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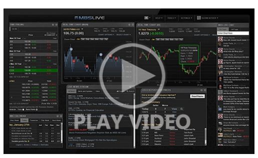


Why Bonds Sold Off So Severely Today

MBS & Treasury Markets

UMBS 6.0	98.62	-0.29	10YR	5.159%	+0.047%	9/24/2026 11:39AM EST

MBS Down a Quick Quarter Point From Highs

Bonds are losing ground quickly in a move that's tracing a spike in oil prices. 10yr yields are up 1.5bps on the day at 5.127 and MBS are down an eighth of a point.

Compared to the highs of the day (when most lenders published rates), MBS are down a quarter point. As such negative reprices are becoming likely.

MBS MORNING: Slightly Stronger Start Despite Higher Oil Prices

ALERT: MBS Now Down Over Half a Point

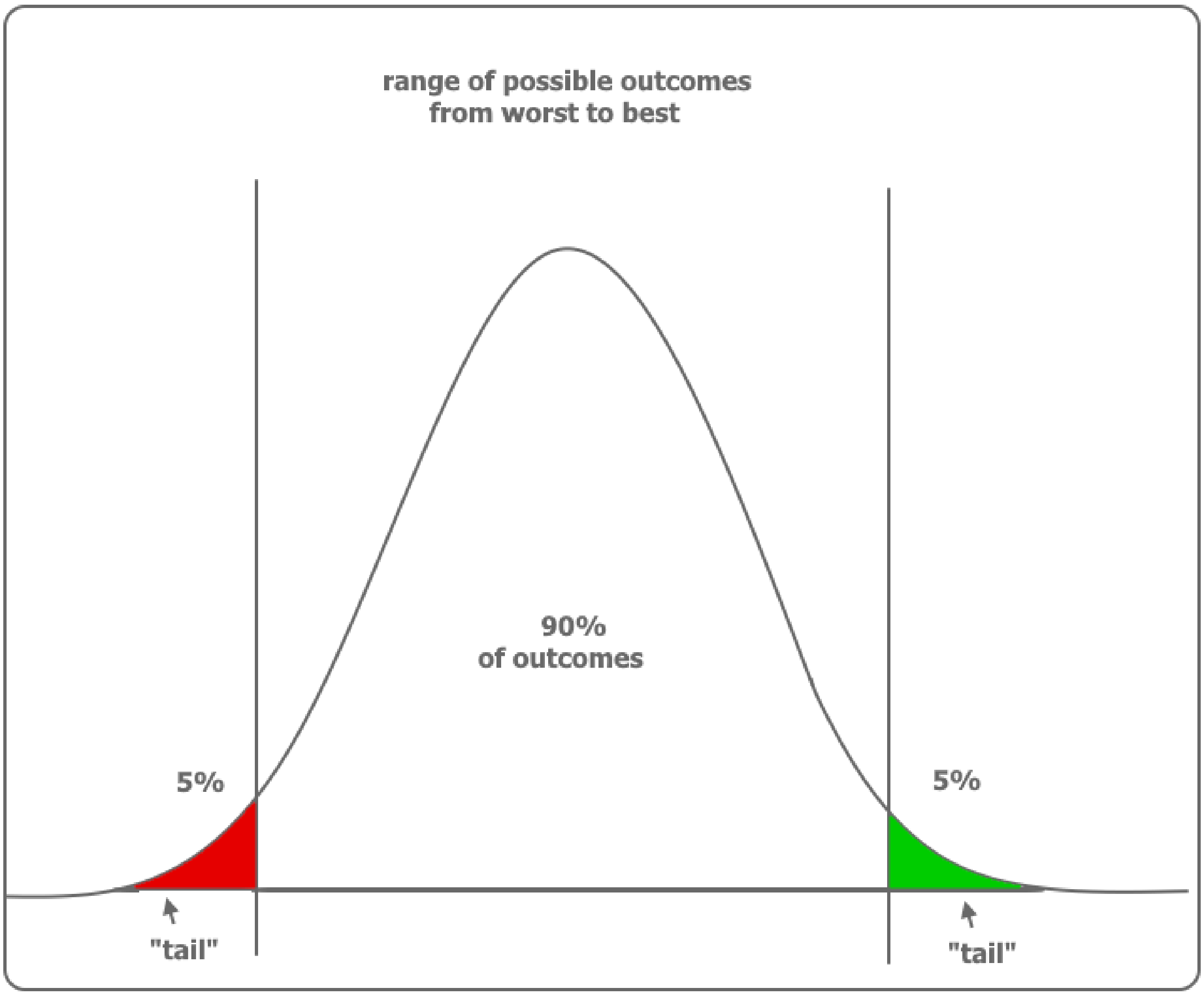
Today's Mortgage Rates

30YR Fixed	7.37%	+0.11%	15YR Fixed	7.00%	+0.13%	9/24/2026

Mortgage Rates Match Highest Level Since May 2024

The day began like many others over the past several weeks. Bonds hadn't moved much overnight, but were paying some attention to slightly higher oil prices. 10yr Treasury yields were still in the familiar September range between 4.93% and 5.01%, and there was limited economic data on tap that threatened to upset the apple cart.

Now let's talk about tail risk. It refers to a distribution of potential outcomes for something that can be reasonably forecasted with a margin of error. A vast majority of the outcomes fall in the main body of the parabolic distribution, but occasionally, an outcome will fall at one of the tails.



While this week's economic calendar is indeed very light, today's lineup included a report that can have a big impact on rates on very rare occasions. The results of that report were so much stronger than expected as to constitute "tail risk" territory.

This is a particularly bad time for such tail risk as far as the rate market is concerned. Only yesterday, we had Fed speakers reminding us that if the economy proved to be hotter than expected, the rate hike outlook shared at least week's Fed announcement would be "too low." Today's data immediately forced the market to consider the risk that next week's data (which is much more important) conveys a similarly strong message.

The result was a rapid shift in Fed rate expectations for next year. While longer term rates don't react to a Fed rate hike after the fact, they're more than willing to react to changes in rate hike expectations. 10yr Treasury yields jumped over 5.1% and the average top-tier 30yr fixed rate jumped 0.09% to 7.26%. This matches the high seen in early 2025. At this point, we'd have to go back to May 1, 2024 to see anything higher.

[thirtyyearmortgagerates]

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Thursday, Sep 24				
4:10AM	Fed Williams Speech ☆			
8:00AM	Aug Building Permits (ml)	1.403M	1.394M	1.433M
8:00AM	Fed Barkin Speech ☆			
8:30AM	Sep/12 Continued Claims (k) ☆	1719K	1750K	1730K
8:30AM	Sep/19 Jobless Claims (k) ☆	197K	201K	196K
8:50AM	Fed Hammack Speech ☆			
8:50AM	Fed Hammack Speech ☆			
9:20AM	NY Fed Bill Purchases 4 to 12 months (%)		$1.946 billion	
10:00AM	Aug New Home Sales (ml) ☆	0.684M	0.62M	0.607M
10:00AM	Aug New Home Sales (%) (%)	6.4%		-10.5%
10:10AM	Fed Paulson Speech ☆			
1:00PM	7-Yr Note Auction (bl) ★	44		
8:00PM	UN General Assembly (%) ☆			
Friday, Sep 25				
5:15AM	Fed Williams Speech ☆			
8:30AM	Aug Durable goods (%) ☆		-0.4%	1.1%
8:30AM	Aug Core CapEx (%) ☆		0.5%	0.2%
9:20AM	Fed Schmid Speech ☆			
10:00AM	Sep Consumer Sentiment (ip) ☆		47.6	51.7
10:00AM	Sep U Mich conditions ☆		49.5	51.9
10:00AM	Sep Sentiment: 1y Inflation (%) ☆		4.6%	4%
10:00AM	Sep Sentiment: 5y Inflation (%) ☆		3.4%	3.3%
2:00PM	Fed Hammack Speech ☆			