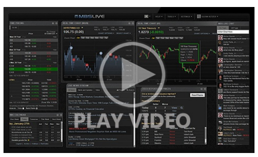
Another Red Start, And It's Not All About Oil

Market Summary: Monday, September 28, 2026 - 3:14PM

Bonds lost ground overnight with traders reacting to Trump's rejection of Iran's proposal to reopen the Strait of Hormuz. This isn't the first time that bonds have reacted to war headlines regardless of movement in oil prices. While oil also moved higher throughout the overnight session, bonds are increasingly detached in the bigger picture with yields staying relatively higher as they wait for a substantive change in the war or the economy. For all of the drama and volatility, it's really that simple.

Latest Video Analysis



Respectable Recovery and a Breakdown of MBS Outperformance

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UMBS 6.0	98.19	-0.66	10YR	5.246%	+0.086%	9/28/2026 1:09PM EST

MBS Already Down an Eighth For Some Lenders

More selling pressure after the Dallas Fed Manufacturing Survey, of all things (the second time this report has ever been mentioned by us in 20 years). Some of the charts on this page tell a similar story to last week's S&P PMI:

This isn't the only market mover in play, to be sure, as something is also causing an uptick in oil prices (reports of explosions in several Saudi cites, perhaps?).

10yr yields are up almost 10bos at 5.259 and MBS are down almost 5/8ths, with at least 6 ticks (.19) of that happening after the early lenders released rate sheets. As such, negative reprices are already possible.

MBS MORNING: Another Red Start, And It's Not All About Oil

UPDATE: Bonds Snap Back to Strongest Levels on War Headlines

30YR Fixed	7.50%	+0.07%	15YR Fixed	7.12%	+0.02%	9/28/2026

Mortgage Rates Had a Better Day, Ultimately Dropping Just Slightly

(NOTE: This article was updated at 5:30pm from the version originally published at 2:36pm ET to reflect late day rate improvements).

have risen more than half a point in 2 weeks. While that's certainly not the fastest jump we've seen, it is an extraordinarily uncommon pace--happening less than once per year on average (i.e. it only happened 3 times between 2010 and 2019).

Today's **initial** increase was modest in the bigger picture, adding only 0.04% to yesterday's levels and leaving the average top-tier 30yr fixed rate still just a hair below 7.50%. This is roughly in line with the highs from early 2024 and still well below the highs of 8% seen in October 2023.

Much of that initial 0.04% increase can be thought of as a hangover from yesterday's volatility. In fact, the underlying bond market had already **improved** day-over-day at the time we marked the 0.04% increase. Thankfully, additional gains in the afternoon led lenders to drop rates back below yesterday's latest levels. The final mark was 7.43% for the average lender.

[thirtyyearmortgagerates]

Whether this friendly bounce means anything about the road ahead is a different matter. If traders knew what the road ahead looked like with any certainty, they wouldn't sit on their hands and lose money between now and then. In other words, anything that you or I can conclude about the near-term future is already priced-in to current levels.

The next leg higher or lower for rates will likely be determined by a combination of economic data that hasn't come out yet and war-related headlines that could either help or hurt the fuel price outlook. Next week is a big week for econ data and every week brings new potential for oil price fluctuations these days. In addition, the month/quarter end trading environment increases the risk of volatility regardless of directional cues from data/events.

Bottom line: all we know today is that bonds suggested a modicum of hope that the rising rate momentum has abated. Now we wait to see if it will reappear next week.

Economic Calendar

Last Week | This Week | Next Week

Time	Event	Actual	Forecast	Prior
Monday, Sep 28				
10:30AM	Sep Dallas Fed Manufacturing Index	9.8		11.6
1:30PM	Fed Barkin Speech ☆			
Tuesday, Sep 29				
9:00AM	Jul FHFA Home Price Index m/m (%)		0.1%	0%
9:00AM	Jul FHFA Home Prices y/y (%) ☆			2.3%
9:00AM	Jul CaseShiller 20 mm nsa (%)			0.4%
9:00AM	Jul Case Shiller Home Prices-20 y/y (%) ☆		2.2%	2.1%
9:20AM	NY Fed Bill Purchases 1 to 4 months (%)		$3.892 billion	
10:00AM	Aug JOLTs Job Quits (ml) ☆			3.056M
10:00AM	Aug USA JOLTS Job Openings (ml) ★		7.24M	7.271M
10:00AM	Sep CB Consumer Confidence (%) ☆		90	89.4
11:30AM	6-Week Bill Auction (%)			3.870%
1:00PM	Fed Goolsbee Speech ☆			
1:30PM	Fed Musalem Speech ☆			
2:00PM	Fed Williams Speech ☆			