

MARKET SUMMARY

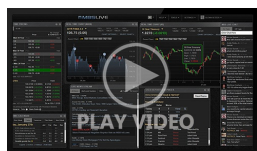
Complete Recap of Today's Market Activity

Lower PCE Inflation, So Why Aren't Bonds Happier?

Market Summary: Wednesday, September 30, 2026 - 3:03PM

Core PCE came in at 0.2 vs a 0.3 forecast, and the bond market rallied a bit in response. That said, the unrounded number was .247, which about as high as it could be without rounding up to 0.3. Core annual PCE was 3.0, which was flat versus a downward revision from 3.3. More importantly, that downward revision wasn't mainly about new data collection showing lower prices, but rather a change in PCE methodology. Not all of the methodology change is transparent, but our best estimate is that a vast majority of the 0.3 downward revision was due to methodology changes (the math: 0.361 unrounded drop in y/y core PCE, July vs July, and 0.30 of that drop is in categories that were affected by methodology changes). Bottom line, inflation was actually fairly flat, and supercore (excludes food/energy/housing) was noticeably higher. Add the stronger ADP and GDP numbers into the mix, and bonds don't have a lot to celebrate this morning, so merely holding ground is a victory.

Latest Video Analysis



Big Intraday Round Trip For Bonds



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MBS & Treasury Markets

UMBS 6.0	97.95	-0.24	10YR	5.291%	+0.046%	9/30/2026 12:59PM EST
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Additional Negative Reprice Risk

Bonds continue selling. 10yr up 4.4bps at 5.29.

MBS down a quarter point on the day and roughly 3/8ths of a point from AM rate sheet times (for earlier lenders).

Most lenders are in reprice risk territory now (more than a few have already pulled the trigger).

ALERT: MBS Already Down a Quarter Point vs 9:30am ET

MBS MORNING: Lower PCE Inflation, So Why Aren't Bonds Happier?

Today's Mortgage Rates

30YR Fixed	7.60%	+0.02%	15YR Fixed	7.22%	+0.02%	9/30/2026
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Mortgage Rates Rise to 7.58%

moved higher again on Tuesday as the bond market continues recalibrating expectations for Fed policy, economic growth, and inflation. The weakness is especially frustrating considering a fairly large drop in oil prices today, but as we discussed yesterday, rates have a lot more on their mind than oil these days.

Our top-tier 30yr fixed rate index rose from 7.50 to 7.58% today--the highest since November 1st, 2023. In this sense, mortgage rates are doing much better than their often-cited benchmark, the 10yr Treasury yield, which is the highest level since 2007. That's because mortgage rates are directly based on mortgage-backed securities (MBS) and not U.S. Treasuries, and MBS have been outperforming Treasuries relative to 2023's levels.

Today's economic data didn't offer meaningful relief although it wasn't a driver of today's upward pressure. We're seeing more and more evidence that at least some of that pressure has to do with factors such as the quarter-end trading environment which transcends news headlines and economic reports. This doesn't necessarily mean that rate momentum will reverse on October 1st, but the month could at least restore a more logical relationship between typical causes and effects.

Time	Event	Actual	Forecast	Prior
Wednesday, Sep 30				
7:00AM	Sep/25 MBA Purchase Index	148.2		154.9
7:00AM	Sep/25 Mortgage Market Index	213.6		227.3
7:00AM	Sep/25 MBA Refi Index	557.8		611.0
8:15AM	Sep ADP jobs (k) ☆	90K	70K	38K
8:30AM	Aug PCE prices (m/m) (%) ☆	0.3%	0.4%	0.2%
8:30AM	Q2 GDP (%) ★	2.2%	1.5%	2.5%
8:30AM	Q2 Corporate profits (%))	7.7%	8.2%	0.5%
8:30AM	Aug Core PCE (m/m) (%) ★	0.2%	0.3%	0.2%
8:30AM	Q2 Core PCE Prices QoQ ☆	3.3%	3.6%	4.4%
8:30AM	Q2 PCE Prices (Q/Q) ☆	5%	5.3%	4.6%
8:30AM	Aug PCE (y/y) (%) ☆	3.4%	3.7%	3.7%
8:30AM	Q2 GDP Final Sales (%)	2.8%	2.2%	1.9%
8:30AM	Aug Core PCE (y/y) (%) ★	3%	3.3%	3.3%
9:45AM	Sep Chicago PMI ☆	58.8	51.2	47.1
10:30AM	Sep/25 Crude Oil Inventory (ml)	0.922M	-0.3M	2.969M
1:30PM	Fed Barkin Speech ☆			
5:10PM	Fed Goolsbee Speech ☆			
6:00PM	Fed Kashkari Speech ☆			
Thursday, Oct 01				
5:30AM	Sep Challenger layoffs (k)			52.881K
8:30AM	Sep/19 Continued Claims (k) ☆		1730K	1719K
8:30AM	Sep/26 Jobless Claims (k) ☆		200K	197K
9:05AM	Fed Barkin Speech ☆			
9:05AM	Fed Schmid Speech ☆			
9:05AM	Fed Collins Speech ☆			
9:45AM	Sep S&P Global Manuf. PMI ☆		57.0	53.9
10:00AM	Sep ISM Manufacturing Employment			51.2
10:00AM	Sep ISM Mfg Prices Paid ★		72.3	71.1
10:00AM	Sep ISM Manufacturing PMI ★★		55	54.6
10:00AM	Aug Construction spending (%)		0%	-0.5%
3:30PM	Fed Williams Speech ☆			
6:45PM	Fed Logan Speech ☆			