

MARKET SUMMARY

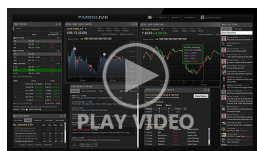
Complete Recap of Today's Market Activity

Just Another Bad Day For Bonds Without New Justification

Market Summary: Thursday, October 1, 2026 - 5:35AM

10yr yields hit another long-term high today, breaking above 5.30% briefly before settling just under 5.29%. There was a flash of hope after the 8:30am econ data, but that reversed fairly quickly. Reasons can be debated. Some would say today's broadly stronger econ data supported it while pointing out that the "beat" in PCE wasn't really news in light of the methodology changes. On that note, some might say methodology that drops core PCE by 0.361 (July vs July unrounded) means that Fed policy will be less aggressive in fighting inflation than it otherwise would have been. In that context, today's heavy underperformance in the long end of the curve actually makes good sense, but it's just an interesting theory to entertain. Month/Quarter-end compulsory trading could certainly be an ingredient, but there's no great way to confirm that until several days in the future. Either way, inbound econ data certainly matters on Thu/Fri and the radar perpetually awaits any big blips shaped like Iran war truces (or escalations).

Latest Video Analysis



Just Another Bad Day For Bonds



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MBS & Treasury Markets

UMBS 6.0	97.90	-0.13	10YR	5.340%	+0.053%	10/1/2026 3:29AM 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 End Day Higher Despite Promising Start

For a few moments this morning, it looked as if rates might buck the recent trend and recover a bit of ground today. The underlying bond market was fairly flat overnight and then managed to improve after this morning's PCE inflation data. But that improvement was short-lived.

Top tier 30yr fixed rates jumped to 7.60%. That's only 0.02% higher than yesterday, but yet another long-term high.

As frustrating as it continues to be, there are no convenient scapegoats for the reversal in terms of intraday news/data. Some small case could be made that the day's economic data wasn't exactly rate-friendly, but the timing of the market movement and indicators elsewhere in the market suggest that's a waste of time.

The only irrefutable way to connect cause and effect is to use broad strokes. The bond market is in the midst of a fairly rapid reassessment of the outlooks for Fed policy, inflation, and the supply/demand equation for government debt. Today may have seen some additional volatility due to the mechanics of the month/quarter-end trading environment, but not to the extent that anyone should expect rates to magically fall just because tomorrow is a new month.

A meaningful drop in rates will require one or more of these things:

- Iran war ending and fuel prices dropping
- economic data weakening
- inflation falling significantly and sustainably

There are other things that can help/hurt, but these are the big three at the moment.

[thirtyyearmortgagerates]

Time	Event	Actual	Forecast	Prior
Thursday, Oct 01				
5:30AM	Sep Challenger layoffs (k)	43.281K		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 ☆			
Friday, Oct 02				
8:30AM	Sep Average earnings mm (%) ★		0.3%	0.3%
8:30AM	Sep Non Farm Payrolls (k) ★★		90K	162K
8:30AM	Sep Participation Rate ☆			61.6%
8:30AM	Sep Unemployment rate mm (%) ★★		4.1%	4.1%
10:00AM	Aug Factory orders mm (%)		0.1%	0.9%
10:00AM	Fed Logan Speech ☆			
2:00PM	Sep Total Vehicle Sales (ml)		16.6M	16.8M