

MARKET SUMMARY

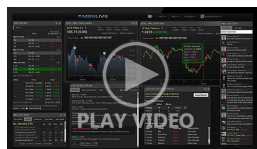
Complete Recap of Today's Market Activity

No Love From October So Far, But The Day's Not Over

Market Summary: Thursday, October 1, 2026 - 1:40PM

Sometimes we see a distinct shift in momentum on the first day of a new month. This is not one of those times. October 1st picks up where September 30th left off with more yield curve steepening (2yr and 10yr yield getting farther apart). This is a reflection of the sudden shift in economic data expectations last Wednesday combined with the fact that the Fed rate hike outlook has been broadly flat after Wednesday's pop. It's still anyone's game as far as today goes. 10s and MBS are moderately weaker while the 2yr is almost 5bps lower (anchored to those now-resilient Fed Funds Futures). Stronger ISM components (orders, backlogs, prices) caused an initial pop in yields, but we've already recovered 20 minutes later.

Latest Video Analysis



Just Another Bad Day For Bonds



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MBS & Treasury Markets

UMBS 6.0	98.15	+0.13	10YR	5.268%	-0.019%	10/1/2026 11:34AM EST
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Bouncing Back Now

In the last alert: "the market reaction is still playing out."

As the "playing out" continues, we're now back to unchanged levels in MBS--several bps stronger than pre-data levels.

Same story in 10yr yields, now up less than 1bp on the day at 5.295.

The 5.34% technical level has brought in bond buyers twice now (once overnight at 3:30am ET and then again just after the 10am mini-sell-off).

MBS MORNING: No Love From October So Far, But The Day's Not Over

ALERT: Losing Ground After ISM Data

Today's Mortgage Rates

30YR Fixed 7.54% -0.06%

15YR Fixed 7.18% -0.04%

10/1/2026

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) ☆	1701K	1730K	1719K
8:30AM	Sep/26 Jobless Claims (k) ☆	197K	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 ☆	55.9	57.0	53.9
10:00AM	Sep ISM Manufacturing Employment	52.7		51.2
10:00AM	Sep ISM Mfg Prices Paid ★	77.9	72.3	71.1
10:00AM	Sep ISM Manufacturing PMI ★★	54.5	55	54.6
10:00AM	Aug Construction spending (%)	0.9%	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