

MARKET SUMMARY

Complete Recap of Today's Market Activity

Thursday's Rally Sets Up For a Very Interesting Friday

Market Summary: Friday, October 2, 2026 - 9:18AM

Of course we had to have a big, interesting move in the bond market on the day before an economic report also famous for causing big, interesting moves. On such occasions, if Friday delivers on "interesting" it will either negate today's bullishness or add to it in a way that makes today retroactively look like an obvious near-term top in rates. There's no way to know enough about today's rally to conclude that--let alone the unknowable results of the jobs report and the ensuing reaction. All we know: today was a win. If more wins follow, we can talk more about bigger picture supportive ceilings.

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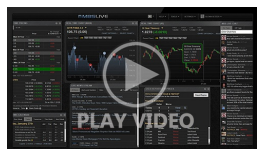
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Thursday's Rally Sets Up For an Interesting Friday

MBS & Treasury Markets

UMBS 6.0 98.40 +0.08	10YR 5.221% -0.017%	10/2/2026 7:14AM EST
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First Move is Stronger After NFP Comes in Weak

- Average earnings mm (Sep)
 - 0.1% vs 0.3% f'cast, 0.3% prev
- Non Farm Payrolls (Sep)
 - 29K vs 90K f'cast, 162K prev
- Participation Rate (Sep)
 - 61.8% vs -- f'cast, 61.6% prev
- Unemployment rate mm (Sep)
 - 4.2% vs 4.1% f'cast, 4.1% prev

We have yet to dig into the underlying details, but at face value, there's nothing too economically redeeming about this report, and the bond market loves it.

MBS are up a quick 10 ticks (.31) and 10yr yields are down 7.3 bps at 5.163.

UPDATE: Bouncing Back Now

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

Today's Mortgage Rates

30YR Fixed 7.54% -0.06%	15YR Fixed 7.18% -0.04%	10/1/2026
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Solid Mid-Day Recovery For Rates

It's a rarity these days, but actually moved lower today by more than a token amount. The average top-tier 30yr fixed rate fell to 7.54% from 7.60% yesterday.

There are multiple potential factors in play when it comes to explaining the underlying bond market rally, but none of them stand out as an obvious singular motivation. For those curious, the list (which has several esoteric factors that we won't be fully explaining here) includes, but is not limited to:

- traders covering bets on higher rates ahead of tomorrow's jobs report
- concerns over European bond market contagion focused on France and Italy
- reassuring comments from Fed speakers helping Fed rate expectations move lower
- technical buying opportunity when Treasury yields hit 5.34% (10yr)

A day like today invites consideration about bigger picture ceilings, but it will need to bring friends in order for that conversation to continue. We are bound to see periodic sighs of relief any time rates move higher as relentlessly as they have in the past month.

Tomorrow's jobs report is as likely as anything to set the tone for the rest of that conversation. If job growth is much stronger than expected, the conversation is over until further notice. If it's much weaker than expected, we'll talk.

Time	Event	Actual	Forecast	Prior
Friday, Oct 02				
8:30AM	Sep Average earnings mm (%) ★	0.1%	0.3%	0.3%
8:30AM	Sep Non Farm Payrolls (k) ★★	29K	90K	162K
8:30AM	Sep Participation Rate ☆	61.8%		61.6%
8:30AM	Sep Unemployment rate mm (%) ★★	4.2%	4.1%	4.1%
10:00AM	Aug Factory orders mm (%)	0.1%	0.1%	0.9%
10:00AM	Fed Logan Speech ☆			
Monday, Oct 05				
9:20AM	NY Fed Bill Purchases 4 to 12 months (%)		\$1.946 billion	
9:45AM	Sep S&P Global Services PMI ☆		58.7	56.5
9:45AM	Sep S&P Global Composite PMI ☆		58.4	56.0
10:00AM	Sep ISM N-Mfg PMI ★★		55.7	55.4
10:00AM	Sep ISM Biz Activity ☆			61.7
10:00AM	Sep ISM Services Employment ☆			47.8
10:00AM	Sep ISM Services Prices ☆			72.6
10:00AM	Sep ISM Services New Orders ☆			60.9