

MARKET SUMMARY

Complete Recap of Today's Market Activity

Jobs Report Helping, But There Are Caveats

Market Summary: Friday, October 2, 2026 - 12:39PM

MBS are up more than 3/8ths and the 10yr is down almost 6bps at the lowest levels in a week after the job count came in at 29k vs 90k f'cast. That's the good news. But if it seems like the rally should be bigger for such a hotly anticipated report, there's a reason. First off, we need to remember that it takes fewer jobs created to keep unemployment stable these days. Even the Fed has said to focus more on the unemployment rate. In today's case, it only rose to 4.175% from 4.141% last month. Moreover, it did so despite the participation rate rising 0.2%. In other words, had it not been for that 0.2% uptick in participation, Unemployment would have come in at 3.951%. Bottom line: this report wasn't really weaker than expected apart from wage growth. The market just hasn't figured out how to forecast NFP in a low-growth labor force.



David Wiest

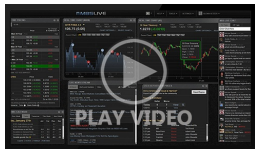
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Latest Video Analysis



Thursday's Rally Sets Up For an Interesting Friday

MBS & Treasury Markets

UMBS 6.0	98.50	+0.19	10YR	5.213%	-0.025%	10/2/2026 10:34AM EST
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More Reprice Risk Now

More weakness since the first alert. MBS now unchanged on the day and down 3/8ths from highs and a quarter point from early rate sheet times. Negative reprices are becoming more likely for jumpier lenders.

No new reasons for selling, just an ongoing reconsideration of what this morning's data meant.

ALERT: MBS Down a Quarter From Highs

MBS MORNING: Why Bonds Aren't More Excited About The Jobs Report

30YR Fixed	7.49%	-0.05%	15YR Fixed	7.12%	-0.06%	10/2/2026
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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