

MARKET SUMMARY

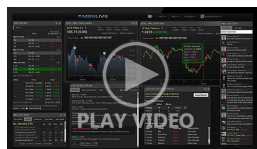
Complete Recap of Today's Market Activity

Why Bonds Sold Off Despite Weaker Jobs Report

Market Summary: Sunday, October 4, 2026 - 11:13AM

First off, read the AM commentary if you haven't already. This recap doesn't add much to that (but the video adds a lot). Bottom line, NFP was weaker, but that was the worst of the news. The unrounded unemployment rate barely budged and it would have moved LOWER (under 4.00%) were it not for the uptick in labor force participation. Higher oil prices contributed a bit to intraday weakness as did a recovery in French credit spreads. At the end of the day, this wasn't the jobs report that sowed any seeds of doubt about cracks showing in the labor market.

Latest Video Analysis



Why Did Bonds Sell Despite Weaker Jobs Report?



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MBS & Treasury Markets

UMBS 6.0	98.05	-0.26	10YR	5.279%	+0.041%	10/2/2026 5:00PM 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	7.57%	+0.03%	15YR Fixed	7.19%	+0.01%	10/2/2026
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Mortgage Rates End Higher Despite Promising Start

rose 0.04% today to an index value of 7.57% for a top-tier 30yr fixed scenario for the average lender today. That uptick in and of itself isn't especially large, but it's a bit counterintuitive on a day where the hotly anticipated jobs report came in much weaker than expected.

The jobs report has 2 key components: Nonfarm Payrolls (NFP) and the unemployment rate. For most of the time any rate watcher can remember, NFP matters way more. The market still reacts to it (which is why bonds initially improved this morning), but unemployment has arguably taken the lead in terms of accurately capturing labor market trends.

Even then, today's unemployment rate of 4.2% (up from 4.1% last month) shouldn't have been a problem. The catch was that the unrounded numbers made the gap even smaller (4.175% vs 4.141%). Additionally, more people entered the labor force. If the labor force had held steady with last month, today's unemployment rate would have been 3.951%. None of those numbers is particularly troubling for the employment outlook, but 3.951% especially so.

That helped explain why bonds eventually gave back their early gains, along with a rebound in oil prices and easing concerns about European bond markets that had helped U.S. rates move lower yesterday.

When bond gains evaporate, mortgage lenders may be forced to raise rates during the day. This happened on multiple occasions. The average lender was actually slightly lower at first, but ultimately ended higher compared to Thursday's latest levels.

[thirtyyearmortgagerates]

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