

MARKET SUMMARY

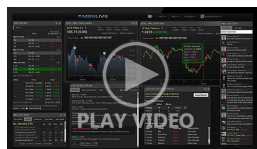
Complete Recap of Today's Market Activity

What Will it Take For Bonds to Recover?

Market Summary: Monday, October 5, 2026 - 8:51PM

Another day, another sell-off without any satisfying explanations. To be fair, you could say bonds just traded the curve today with anything 3yrs or shorter rallying at the expense of the longer end of the curve. But for the mortgage market, <3yrs is too short-term to matter. Data and headlines did not line up well at all with the weakness, so take your pick from the general themes we've added to the daily lock/float considerations. At some point, yields will have moved high enough to motivate investors to buy bonds for investment purpose (as opposed to tactical or compulsory trading purposes). Until then, the trend is not your friend.

Latest Video Analysis



What Will it Take For a Recovery



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MBS & Treasury Markets

UMBS 6.0	97.84	-0.21	10YR	5.307%	+0.028%	10/5/2026 5:59PM EST
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Negative Reprice Risk Increasing

Bonds are at their weakest levels with 10yr yields up 5bps and MBS down more than a quarter point. Any lender out with rates before 10:30am ET is already seeing at least an eighth of a point of weakness. As such, the jumpier lenders could already be considering negative reprices.

MBS MORNING: Weaker Start. No New Reasons

ALERT: More Reprice Risk Now

Today's Mortgage Rates

30YR Fixed 7.61% +0.04%

15YR Fixed 7.23% +0.04%

10/5/2026

Mortgage Rates Inch Up to Another Recent High

The good news is that today's average top-tier 30yr fixed rate ended only 0.01% higher than last week's high (7.61 vs 7.60). If you are only interested in good news, have a great rest of your Monday and you're free to go.

The rest of the news isn't terrible, but we can't classify it as "good." Bonds lost ground today and, as has been the case on many recent occasions, there weren't any new, obvious scapegoats.

On a vast majority of days when rates make a move, there's a decent enough case to be made for some underlying cause. These days however, it's increasingly common to have to fall back on generalities like the following (warning: the list can be esoteric in parts, for those who aren't bond nerds):

- Iran War's implied impact on inflation and Treasury issuance
- Elevated Treasury issuance (fiscal imbalances)
- Elevated corporate bond issuance (competes for investor demand)
- Resilient stocks (competes for investor demand)
- Generally/gradually lower foreign demand (partly driven by tariffs and weaker trade relationships)
- Genuine strength/resilience in economic data
- A Federal Reserve that is willing to use the Fed Funds Rate to fight inflation (not the perfect tool, but it's the tool they have)

None of these bullet points received a big new dose of information today, though that doesn't mean investors can't react to them over time. In addition, the bond market may be somewhat anxious ahead of this week's scheduled Treasury auctions, but we'll cross that bridge if we come to it (it's been a while since a Treasury auction cycle had a legitimately big impact on rate momentum).

If anything, the simplest way to approach the current rate environment is to imagine some line in the sand in terms of rates/yields that will be high enough for investors to view as an unequivocally good entry point to own bonds for long-term return on investment rather than as a tactical or compulsory trade. In 2023, it was when 10yr Treasury yields hit 5%. This time around, it's "something higher."

Time	Event	Actual	Forecast	Prior
Monday, Oct 05				
9:20AM	NY Fed Bill Purchases 4 to 12 months (%)		\$1.946 billion	
9:45AM	Sep S&P Global Services PMI ☆	58.8	58.7	56.5
9:45AM	Sep S&P Global Composite PMI ☆	58.4	58.4	56.0
10:00AM	Sep ISM N-Mfg PMI ★★	54.9	55	55.4
10:00AM	Sep ISM Biz Activity ☆	56.5		61.7
10:00AM	Sep ISM Services Employment ☆	50.1		47.8
10:00AM	Sep ISM Services Prices ☆	74.0		72.6
10:00AM	Sep ISM Services New Orders ☆	59.8		60.9
Tuesday, Oct 06				
8:15AM	ADP Employment Change Weekly			20K
8:30AM	Aug Trade Gap (bl)		\$-102B	\$-88.6B
9:05AM	Fed Williams Speech ☆			
10:00AM	Oct IBD economic optimism		44.5	45.6
10:45AM	Fed Bowman Speech ☆			
11:30AM	6-Week Bill Auction (%)			3.970%
1:00PM	3-Yr Note Auction (bl)		58	
7:00PM	Fed Logan Speech ☆			