

MARKET SUMMARY

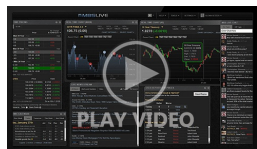
Complete Recap of Today's Market Activity

Yields "Plummet" to Best Level In...

Market Summary: Thursday, October 8, 2026 - 3:53PM

4 trading days... All the way back on October 2nd (last Friday), intraday lows were 5.151%. In other words, today's rally was definitely nice and definitely worth discussing, but if we're witnessing the inception of anything legitimately exciting here, it's in an embryonic stage as of today. 10yr yields would need to be below 5.0% just over a month from now to confirm a truly big shift. As for drivers, we'd have a hard time reconciling today's friendly reversal without giving some credit to investors "buying the dip" in bond prices (or the supportive ceiling in yields around 5.33-5.35). Additional mid-day gains followed war headlines and a decently strong 30yr bond auction. No major data tomorrow.

Latest Video Analysis



Full Recovery



Graham Forman

President, Sterling Financial

www.sfloans.com

P: (949) 261-0405

M: (714) 609-1084

gforman@sfloans.com

124 Tustin Avenue #200
Newport Beach CA 92663

Ca DRE #00859285

NMLS #354351



MBS & Treasury Markets

UMBS 6.0	98.19	+0.36	10YR	5.235%	-0.056%	10/8/2026 1:49PM EST
----------	-------	-------	------	--------	---------	----------------------

It's Time to Play "Name That Line"

Bonds were initially moderately weaker this morning in a move that followed oil prices and Fed comments. Chris Waller said more hikes were needed due to a strong economy, persistently high inflation, and the risk that inflation expectations would become unanchored after 5.5 years above target. This hit the short end of the curve at 4:30am ET and brought Fed Funds Futures for the middle of next year back to yesterday's levels. Oil prices were rising at the same time and were already pushing bonds higher (or the correlation is coincidental, and bonds just "felt like" correcting a bit).

In the last few minutes, 10yr yields made it all the way back to unchanged for reasons unknown, although someone will try to tell you it had to do with Europe and the ongoing bond market volatility there. They're wrong in this case even though Europe has been a factor on several recent occasions.

Now it's time to play "name that line." The following chart has 3 lines. One is the 10yr yield. One is oil. One is the implied yield for Fed Funds Rate in June 2027. See if you can guess which is which. Well, nevermind. It doesn't really matter, right?

Seriously though, the "Waller" caption gives it away. The orange line has to be Fed Funds Futures because it's not nearly as active as the other two (if you didn't already know, there are far fewer trades in Fed Funds Futures than in bonds or oil). The blue line therefore has to be 10yr yields. Well, it doesn't HAVE TO be, but it's much more likely to be because it moves with Fed Funds Futures whereas the red line does not (i.e. Fed rate outlook is more likely to correlate with the rest of the bond market than with oil prices).

UPDATE: Back Into Positive Territory After 10yr Auction

MBS MORNING: No Surprise: It Was a Trap

Today's Mortgage Rates

30YR Fixed	7.50%	-0.09%	15YR Fixed	7.17%	-0.05%	10/8/2026
------------	-------	--------	------------	-------	--------	-----------

Mortgage Rates Started Much Higher But Almost Fully Recovered

It was an exciting day for , and while we technically ended up slightly higher, it could have been much worse. In fact, it WAS much worse earlier in the day, but only for about 30 minutes.

Our daily rate index can be updated throughout the day if mortgage lenders change their rates in sufficient numbers. If we reported only the day's opening rate sheets, top-tier 30yr fixed rates would have been over 7.7%.

Almost immediately after those initial rates came out (around 9:30am ET), the bond market started to recover. By 11am, multiple lenders had already improved. There was an additional round of improvement in the afternoon with almost every lender dropping their rates at least once (many of them more than once) by the end of the day.

The net effect: today's average top-tier 30yr fixed rate rose only 0.03% versus yesterday to 7.59%--safely under recent highs.

Time	Event	Actual	Forecast	Prior
Thursday, Oct 08				
8:30AM	Oct/03 Jobless Claims (k) ☆	197K	200K	197K
8:30AM	Sep/26 Continued Claims (k) ☆	1716K	1710K	1701K
9:20AM	NY Fed Bill Purchases 1 to 4 months (%)		\$3.891 billion	
1:00PM	30-Yr Bond Auction (bl) ☆	22		
1:40PM	Fed Musalem Speech ☆			
Friday, Oct 09				
12:00AM	Roll Date - UMBS 30YR			
10:00AM	Oct Sentiment: 5y Inflation (%) ☆			3.4%
10:00AM	Oct Consumer Sentiment (ip) ☆		47.6	48.1
10:00AM	Oct U Mich conditions ☆		50.5	50.9
10:00AM	Oct Sentiment: 1y Inflation (%) ☆			4.6%
12:00PM	WASDE Report (%)			
4:00PM	Fed Collins Speech ☆			