

MARKET SUMMARY

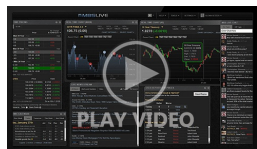
Complete Recap of Today's Market Activity

Yields "Plummet" to Best Level In...

Market Summary: Thursday, October 8, 2026 - 9:44PM

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



Yields Plummet



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MBS & Treasury Markets

UMBS 6.0	98.23	+0.40	10YR	5.235%	-0.056%	10/8/2026 7:39PM EST
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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

30YR Fixed	7.50%	-0.09%	15YR Fixed	7.17%	-0.05%	10/8/2026
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Mortgage Rates Near 2-Week Lows After Biggest Daily Drop in 3 Months

moved lower today at their fastest pace in 3 months with the average top-tier 30yr fixed scenario ultimately falling 0.09%. There were thrills and chills along the way as well. The day actually began with a 0.01% INCREASE versus yesterday's latest levels.

This highlights a unique aspect of our rate index which has the ability to change more than once per day in response to mortgage lenders making intraday updates to their rate offerings. In other words, almost every lender lowered their rates today--many of them more than once.

As has often been the case lately, the market movement can't be traced to one standout event. There was certainly some benefit from mid-day headlines regarding the Iran war, but that alone was scarcely sufficient to be labeled as the x factor. A forensic review of the underlying market suggests a meaningful amount of support came from investors "deciding" that bond yields were high enough to be worth some more asset allocation.

In other words, investors are less interested in adding bonds to their portfolio if yields are climbing and at risk of climbing more. But at a certain point, yields are high enough to serve as a good entry point for investors to jump back into bond ownership. This phenomenon doesn't necessarily hearken additional downward momentum, but some would say it makes a case that recent ceilings should continue to be supportive unless new data comes to light that is unfavorable for bonds.

In the current case, the nearest data with that kind of power would probably be next week's inflation reports on Wed/Thu.

[thirtyyearmortgagerates]

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 ☆			