

MARKET SUMMARY

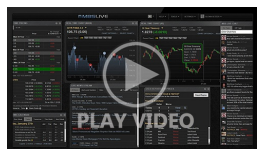
Complete Recap of Today's Market Activity

CPI Puts a Floor Under Recent Rate Rally

Market Summary: Wednesday, October 14, 2026 - 12:43PM

Unrounded core CPI came in at 0.335, which nearly rounds to 0.4% versus an expectations of 0.2%. This is a big surprise when it comes to inflation data, and it matters more at the moment given the rapidly evolving Fed rate hike outlook. Recent Fed speeches caused a significant pull-back in rate hike expectations. Today's inflation data undoes most of that progress. It may not cause rates to break into new highs, but it makes a strong case for this week's lows being the floor until further notice.

Latest Video Analysis



Light Volatility and Modest Gains Ahead of CPI



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UMBS 6.0	98.09	-0.41	10YR	5.265%	+0.047%	10/14/2026 10:39AM EST
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Confused about the market reaction? Let's talk more.

For those wondering why forecasters didn't expect more inflation, the first thing to check is that you're not confusing the concept of "higher price" with "inflation." Two different things... We all know prices are up. The question is about the pace.

Assuming we're on the same page there, the next thing to understand is that there isn't even the slightest possibility that an individual person's anecdotal observations about prices could ever hope to accurately inform the reality of the CPI data set. They're looking at a lot more prices than we individuals could ever see--let alone mentally process.

80-100 professional forecasters are evaluating the entire data set (although, some take this more seriously than others) and submitting forecasts each month. By the day of the release, the median forecast is the entire market's best guess as to where the data comes in. If the data comes in hotter than expected (which today's did... and significantly so), bonds sell off in proportion to the significance of the report in question.

If you're wondering why today's reaction was so big despite core CPI being 0.3 vs 0.2, we can break that down too. First off, you're right that we've seen far smaller responses to similar data. But today's report was critically important to the Fed rate outlook (which has been very volatile recently).

Fed rate expectations fell sharply at the end of September and then have been in a holding pattern as traders waited to see if today's data would validate that sharp fall or reverse it. Core CPI of 0.335% and supercore at 0.423% is more than enough to throw lots of cold water on recently Fed speakers who've called additional hikes into question.

ALERT: Selling Off After Hotter CPI

MBS MORNING: Stronger Start. It's Complicated

Today's Mortgage Rates

30YR Fixed	7.56%	+0.10%	15YR Fixed	7.22%	+0.08%	10/14/2026
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Mortgage Rates Inch to Another 2-Week Low

It was an uneventfully good day for . Unlike the average day over the past several weeks, there was minimal intraday volatility in the underlying bond market. This allowed the average lender to issue rates once this morning and avoid intraday rate changes.

Fortunately, the overnight market movement was in our favor today as traders continued finding value in recently higher bond yields.

Rates are based on the bond market where higher yields increasingly create demand among investors. In 2023, when the 10yr Treasury yield hit 5%, we saw a solid show of support from buyers. In 2026, we've been waiting to see a similar show of support as yields crested 5.3%. Last week brought the first potential evidence of such support.

This doesn't mean rates are out of the woods, however. Tomorrow brings important inflation data and inflation is a key consideration for bond investors. If inflation comes in higher than expected, yields/rates could move back up toward recent highs. But if it's lower than expected, it could reinforce the supportive undertones seen over the past several trading days and help the downward momentum in rates continue.

Time	Event	Actual	Forecast	Prior
Wednesday, Oct 14				
12:00AM	Roll Date - UMBS 15YR, Ginnie Mae 15YR			
7:00AM	Oct/09 MBA Refi Index	513.5		515.8
7:00AM	Oct/09 MBA Purchase Index	139.3		145.1
7:00AM	Oct/09 Mortgage Market Index	199.2		204.7
8:30AM	Sep y/y Headline CPI (%) ☆	3.7%	3.6%	3.4%
8:30AM	Sep m/m Headline CPI (%) ★	0.6%	0.6%	0.4%
8:30AM	Sep y/y CORE CPI (%) ★★	2.6%	2.5%	2.4%
8:30AM	Sep m/m CORE CPI (%) ★★	0.3%	0.2%	0.3%
2:00PM	Sep Federal budget (bl)		\$-29B	\$-167B
2:00PM	Fed Beige Book			
Thursday, Oct 15				
8:30AM	Oct Philly Fed Prices Paid			48.60
8:30AM	Sep Core PPI m/m (%) ☆		0.3%	0.2%
8:30AM	Sep Core PPI y/y (%) ☆		4.4%	4.6%
8:30AM	Oct/03 Continued Claims (k) ☆		1710K	1716K
8:30AM	Oct/10 Jobless Claims (k) ☆		200K	197K
8:30AM	Oct NY Fed Manufacturing ☆		10.3	7.60
8:30AM	Oct Philly Fed Business Index ☆		28.4	37.8
8:30AM	Sep PPI m/m (%) ☆		0.5%	0.4%
8:30AM	Sep PPI y/y ☆		5.3%	5.4%
8:30AM	Sep Retail Sales Control Group MoM ★★		0.3%	1.4%
8:30AM	Sep Retail Sales (%) ★★		0.3%	1.2%
10:00AM	Aug Business Inventories (%) ☆		0.4%	0.8%
12:00PM	NOPA Crush Report (%)			
12:00PM	Oct/09 Crude Oil Inventory (ml)			-3.186M