

MARKET SUMMARY

Complete Recap of Today's Market Activity

Exciting Times, But Don't Get Too Excited

Market Summary: Thursday, October 15, 2026 - 3:46PM

There's no question that the past 5 days have been the best 5 days that we've seen in a long time in terms of direction movement in rates. They're made all the more miraculous because the past 2 days included much higher inflation readings. In a vacuum, inflation data was bad for rates. But the opposing forces are/were stronger in this case. There are two to consider: AI/tech correction and bond seller exhaustion. We've said for a while that yields would eventually be high enough to prompt some value buying and that 5.34-5.35% may be 2026's version of 2023's 5.00%. As luck would have it, that factor coincided with a rapid increase in the tech sector, primarily driven by Coreweave, but with the word "contagion" also being thrown around. Here's why you should temper excitement: to whatever extent "contagion" doesn't materialize, bonds will lose a good amount of the support they've recently enjoyed. What we've seen so far could be considered "act 1" of a very enjoyable show, but it could also be a short story that ends here. The only surefire justification for a bigger rally is a sustained economic slowdown, preferable coinciding with the war ending and oil falling.



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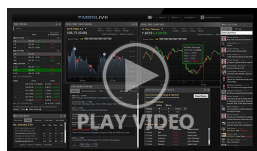
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Latest Video Analysis



Dueling Narratives Help Bonds Defy The Odds

MBS & Treasury Markets

UMBS 6.0	99.07	+0.47	10YR	5.085%	-0.097%	10/15/2026 1:44PM EST
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Still Much Stronger, But Down Over a Quarter Point From Highs

This is a heads-up for those of you with strong, initial rate sheets from lenders who are typically quick to reprice. MBS are now down more than a quarter point from early rate sheet print times. Lenders who came out strong/early could already be considering negative reprices.

MBS are still up 3/8ths on the day and 10yr yields are still down 8bps at 5.10%

MBS MORNING: What's Up With The Huge Paradoxical Rally?!

MBS MORNING: CPI Puts a Floor Under Recent Rate Rally

Today's Mortgage Rates

30YR Fixed 7.33% -0.12%

15YR Fixed 6.98% -0.16%

10/15/2026

Epic Round Trip as Rates Launch Higher Only to End Lower

You won't see too many days like today when it comes to and the underlying bond market that drives them. Bonds were eagerly awaiting this morning's Consumer Price Index (CPI), a key inflation report and an important source of guidance for the Fed rate outlook.

Reminder: while the Fed Funds Rate itself does not control mortgage rates, Fed rate EXPECTATIONS tend to correlate much better.

Fed rate expectations leapt higher this morning after inflation came in hotter than expected. The rest of the interest rate world followed in lock step. When lenders released their initial mortgage rates this morning, the daily average 30yr fixed was up 0.1% from yesterday--a very big move for a single day.

But roughly half an hour later, the bond market began gradually moving back in the other direction. The recovery continued at a remarkably steady pace (not the sort of linear pace normally seen on days with sharp reactions to important economic data). The only other thing happening in a similarly linear fashion was the HEAVY selling in stocks.

I'd be the first to point out that it's generally a mistake to assume that a certain development in the stock market reliably predicts an outcome in the bond market. That correlation can be positive or negative depending on the day and the underlying motivations. In today's case, there were solid examples of both positive and negative correlation.

Immediately following the inflation data, stocks and bonds lost ground in unison. We'd reconcile that by saying higher Fed rate expectations spell bad news for both. But then the stock selling continued--ultimately progressing toward the worst day of losses in over 2 months.

Huge moves in the stock market can often get the attention of the bond market--especially if stocks are tanking after recently hitting all-time highs in a market where there is some speculation about the longevity of bullish sentiment (as there is now surrounding the AI buildout). For today's purposes, we don't need to know if stocks ultimately get back on track. We only need to imagine that there was enough selling pressure in stocks to cause a decent chunk of investors to increase allocations in bonds.

Such a turn of events would help explain how bonds got all the way back to positive territory (i.e. good for rates) by the end of the day. Thankfully, mortgage lenders were surprisingly willing to make the appropriate adjustments to their rate offerings. The average lender actually ended the day 0.01% LOWER than yesterday--something that seemed all but impossible at 8:31am ET this morning.

[thirtyyearmortgagerates]

Time	Event	Actual	Forecast	Prior
Thursday, Oct 15				
8:30AM	Oct Philly Fed Prices Paid	43.20		48.60
8:30AM	Sep Core PPI m/m (%) ☆	0.7%	0.3%	0.2%
8:30AM	Sep Core PPI y/y (%) ☆	5%	4.4%	4.6%
8:30AM	Oct/03 Continued Claims (k) ☆	1710K	1710K	1716K
8:30AM	Oct/10 Jobless Claims (k) ☆	199K	200K	197K
8:30AM	Oct NY Fed Manufacturing ☆	25.50	10.3	7.60
8:30AM	Oct Philly Fed Business Index ☆	20.9	28.4	37.8
8:30AM	Sep PPI m/m (%) ☆	1.3%	0.5%	0.4%
8:30AM	Sep PPI y/y ☆	6.3%	5.3%	5.4%
8:30AM	Sep Retail Sales Control Group MoM ★★	0.1%	0.3%	1.4%
8:30AM	Sep Retail Sales (%) ★★	0.8%	0.3%	1.2%
10:00AM	Aug Business Inventories (%) ☆	0.4%	0.4%	0.8%
12:00PM	NOPA Crush Report (%)			
12:00PM	Oct/09 Crude Oil Inventory (ml)	-8.557M	-0.3M	-3.186M
Friday, Oct 16				
8:30AM	Sep Import prices mm (%)		0.8%	0.7%
9:15AM	Sep Industrial Production (%) ☆		0.4%	0%
2:00PM	Sep Federal budget (bl)		\$-29B	\$-167B