MARKET SUMMARY

Complete Recap of Today's Market Activity

Exciting Times, But Don't Get Too Excited

Market Summary: Thursday, October 15, 2026 - 10:00PM

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.

Latest Video Analysis

Exciting Times. Don't Get Too Excited

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MBS & Treasury Markets

UMBS 6.0	99.02	+0.42	10YR	5.095%	-0.086%	10/14/2026 11:55PM EST

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

Another Big Improvement to Another 3 Week Low

dropped again today, and at a much faster pace than yesterday's decline. Top tier 30yr fixed rates are now down to 7.33% for the average lender, a drop of more than 0.25% from the long-term highs seen just last week. There are a lot of moving parts behind the scenes so let's focus on what we can know or at least reasonably conclude.

[thirtyyearmortgagerates]

Is this the big shift in rates we've been waiting for? The kind that sometimes follows sustained spikes to long-term highs?

While there's a chance the past 5 days COULD serve as the early indication of a broader rate recovery, it's far too soon to bank on it. The key reason is that much of the paradoxical strength of the past 2 days has been fueled by contagion concerns in the tech space.

What does the tech space have to do with rates? Is it more important than inflation and economic growth?

First off, the tech space and economic growth have a ton of overlap right now. If there's an ongoing pull-back in investor sentiment surrounding AI/tech stocks, and additional concern over certain companies (like Coreweave) having a contagion-like impact on other companies, all of that carries implications for economic data in the future. The other consideration is AI-related corporate debt. This has been a big driver of upward pressure in rates at times. If investor sentiment is souring on AI-related debt, it decreases the expectations for excess issuance of that debt which, in turn, helps more mainstream rates like Treasuries and mortgages.

As for inflation, yes, it matters quite a bit even though it's not the only game in town. Yesterday's inflation data certainly had a bad

effect on rates (it pushed them higher). But the other factors pushed rates lower to a slightly greater extent.

What about rates/yields simply being high enough that investors finally want to buy bonds?

As we know, rates are driven by bonds. The higher yields go, the greater the potential enticement for investors. In 2023, when 10yr Treasuries hit 5.00%, many investors bought bonds because that sounded like an attractive rate of return to lock in. In 2026, there's been some conversation about 10yr yields above 5.2% filling a similar role.

We've POSSIBLY seen some evidence of that buying demand in the past week, but we can't really conclude much because the AI contagion trade dominated the past 2 days and those were the two biggest days of paradoxical buying demand for rates. In other words, the timing was exquisite. If an investor was on the fence about viewing 5.2%+ as a good entry point, the AI contagion trade made it a no-brainer.

What's the bottom line?

The past few days have been great for rates... no question. The question is how great they would have been if the tech sector was still chugging along like it was on October 6th. It's possible we could have seen some investor demand for higher yields but it's highly unlikely that we'd be talking about a potential big-picture shift in rates.

The bottom line is that anyone's level of excitement about an ongoing rate rally should be tempered by the risk that AI-related fears dissipate and economic data remains relatively resilient. Conversely, if you clairvoyantly know that this is just beginning for a deeper AI capex correction and that economic data will progressively weaken, then you're free to hang onto more excitement than the rest of us non-clairvoyant types.

Economic Calendar

Last Week | This Week | Next Week

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