

MARKET SUMMARY

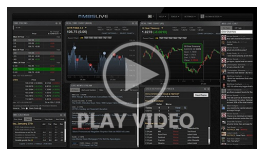
Complete Recap of Today's Market Activity

Slightly Stronger Start

Market Summary: Tuesday, October 20, 2026 - 4:29PM

The bond market continues to decide who it wants to be in Q4, 2026--the harbinger of inflation concerns, debt issuance and economic growth or a safe haven for cash being freed up by AI capex deleveraging. We're starting slightly stronger today with the AI deleveraging trade apparently setting the tone. Movement is too modest to demand any rigorous analysis (Nasdaq lower, yields lower), but at least it's green.

Latest Video Analysis



What's up With Today's Weakness?



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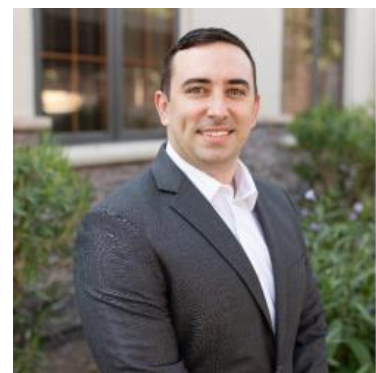
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UMBS 6.0	98.77	+0.06	10YR	5.122%	-0.014%	10/20/2026 2:24PM EST
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MBS More Than an Eighth Off Highs

Treasuries were at their best levels of the day at 10:30am ET, but are now at their worst levels with 10yr yields still down 13bps at 5.122.

MBS aren't yet back to the AM lows, but are off the AM highs by roughly 6 ticks (.19).

Lenders who priced at those highs (around 10:30am or shortly after) could technically justify a small negative reprice.

- MBS MORNING: Slightly Stronger Start
- ALERT: Reprice Risk Increasing Slightly

Today's Mortgage Rates

30YR Fixed	7.40%	-0.03%	15YR Fixed	7.05%	-0.02%	10/20/2026
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Mortgage Rates Move Slightly Lower

dropped 0.03% today on average leaving the top-tier 30yr fixed rate index at 7.40% vs 7.43% yesterday--the third lowest level in more than 3 weeks.

As has been and continues to be the case, the lower rates seen since last Wednesday are primarily being driven by concerns about deleveraging and potential contagion in the AI sector. One of the most closely-watched bellwethers has been Coreweave where a sharp decline in stock prices and sharp increase in corporate bond yields has broadly mirrored recent moves in .

Some of today's intraday volatility can also be viewed in the context of oil prices and war-related headlines, but we'd caution against placing too much emphasis on the oil price correlation. It's been highly unreliable for more than a month.

Time	Event	Actual	Forecast	Prior
Tuesday, Oct 20				
8:15AM	ADP Employment Change Weekly	18.5K		24.75K
8:30AM	Sep Building Permits (ml)	1.4M	1.39M	1.403M
8:30AM	Sep Housing starts number mm (ml)	1.221M	1.30M	1.275M
10:00AM	Sep Pending Home Sales (%)	-7.3%	-0.5%	0.3%
Wednesday, Oct 21				
7:00AM	Oct/16 Mortgage Market Index			199.2
7:00AM	Oct/16 MBA Refi Index			513.5
7:00AM	Oct/16 MBA Purchase Index			139.3
10:30AM	Oct/16 Crude Oil Inventory (ml)		-0.3M	-8.557M
1:00PM	20-Yr Bond Auction (bl)	13		