Denny Andrews | Mortgage & Real Estate Analysis
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Prepared August 17, 2026

MORTGAGE RATE & BOND MARKET OUTLOOK

Five-Business-Day Forecast: August 18-24, 2026

BOTTOM LINE Mortgage pricing has deteriorated modestly as long-term Treasury yields remain elevated. The most likely five-day outcome is volatile, range-bound trading with a slight upward rate bias. Softer growth data may produce brief improvements, but oil-driven inflation risk, fiscal concerns, FOMC minutes, and long-duration Treasury supply limit the rally potential.

Executive Forecast

Market Measure	Current Reference	Five-Day Base Case
Federal funds target	3.50%-3.75%	Unchanged
2-year Treasury	About 4.15%	4.05%-4.25%
10-year Treasury	About 4.68%-4.70%	4.60%-4.78%
30-year Treasury	About 5.28%-5.29%	5.18%-5.35%
30-year conventional mortgage	National references roughly 6.67%-6.71%; individual pricing varies	Most likely 6.65%-6.85%

Directional Call

- Bonds: Neutral to modestly bearish; the long end is carrying a larger fiscal, inflation, and supply premium.
- Mortgage rates: More likely to remain near current levels or worsen slightly than to improve materially.
- Volatility: Highest around Tuesday housing/inflation data, Wednesday's FOMC minutes and 20-year auction, Thursday's labor data and 30-year TIPS auction, and Friday's flash PMI.

Confidence

Moderate - approximately 58% confidence in the base case. A geopolitical or energy-price headline can overwhelm scheduled data and push results outside the forecast range.

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WHAT CHANGED TODAY

Why mortgage pricing can worsen despite softer economic news

The Market Is Splitting Into Two Stories

Short-Term / Fed Story	Long-Term / Mortgage Story
Softer retail-sales and inflation signals reduced the perceived need for an immediate Fed increase.	The 10- and 30-year Treasury sectors remain pressured by inflation uncertainty, fiscal borrowing needs, and heavy public and corporate issuance.
The 2-year yield eased toward roughly 4.15%, reflecting less aggressive near-term Fed expectations.	The 10-year remained near 4.7% and the 30-year reached roughly 5.29%, keeping mortgage-backed securities under pressure.
This helps the front end of the curve.	Mortgage rates follow MBS and longer Treasury yields much more closely than the overnight Fed rate.

Primary Drivers of Today's Weakness

- Oil and geopolitical risk: Higher energy costs can feed headline inflation and delay improvement in long-term borrowing costs.
- Fiscal and Treasury-supply premium: Investors are demanding more yield to absorb growing long-duration government debt.
- Corporate issuance: Heavy bond supply competes for investor capital and can pressure Treasury and MBS pricing.
- Curve steepening: Falling short yields do not guarantee falling mortgage rates when long yields remain elevated.

What This Means for Borrowers

PRACTICAL INTERPRETATION This is not a broad panic move, but it is also not a market that rewards complacency. Well-qualified borrowers with a near-term closing should treat meaningful intraday improvements as opportunities rather than assume a sustained rally is beginning.

Current Reference Points

- Freddie Mac's latest weekly survey: 30-year fixed average 6.67%.
- Mortgage News Daily's August 14 daily index: 6.71%, modestly higher into the weekend.
- Live Monday bond references: approximately 4.68%-4.70% on the 10-year and approximately 5.29% on the 30-year Treasury.

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FIVE-BUSINESS-DAY MARKET MAP

Scheduled catalysts and expected rate sensitivity

Date	Key Catalysts	Rate-Friendly Outcome	Rate-Negative Outcome
Tue. Aug. 18	Import/export prices; housing starts and permits; industrial production; pending home sales	Softer prices and restrained production/housing activity	Hot import prices or stronger production and housing
Wed. Aug. 19	20-year Treasury auction; 2:00 p.m. ET FOMC minutes	Strong auction; minutes less hawkish than feared	Weak auction; minutes emphasize persistent inflation or additional tightening
Thu. Aug. 20	Jobless claims; Philadelphia Fed; leading indicators; 30-year TIPS auction	Higher claims, softer manufacturing, strong auction demand	Low claims, strong factory data, weak long-duration demand
Fri. Aug. 21	Flash manufacturing/services PMI; state employment data	PMI shows slower growth and easing input costs	Stronger demand or renewed price pressure
Mon. Aug. 24	Light U.S. calendar; positioning ahead of new-home sales and later-week data	Quiet trading, stable oil, technical bond recovery	Geopolitical escalation, higher oil, or renewed issuance pressure

Daily Bias

- Tuesday: Two-way volatility; price data matter more to rates than housing volume alone.
- Wednesday: Highest scheduled event risk. The 20-year auction affects long-end sentiment before the minutes arrive.
- Thursday: Another high-volatility day because labor data, regional manufacturing and a long-duration inflation-protected auction arrive together.
- Friday: PMI price components may matter as much as the headline growth readings.
- Monday: Lower scheduled risk, but the market remains unusually sensitive to oil, geopolitical, fiscal and supply headlines.

MOST IMPORTANT WINDOW Wednesday afternoon through Thursday afternoon carries the highest probability of a meaningful change in mortgage pricing.

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SCENARIOS & LOCK GUIDANCE

Probability-based planning for near-term mortgage decisions

Five-Day Scenarios

Scenario	Probability	Likely Conditions	Mortgage-Rate Result
Base Case	58%	Mixed data; auctions acceptable but not exceptional; oil remains elevated	Choppy pricing; finish roughly unchanged to 0.10 percentage point worse
Improvement	24%	Soft price/growth data, dovish interpretation of minutes, strong auction demand	Improvement of roughly 0.05-0.15 percentage point
Worsening	18%	Hot prices or PMI, weak auctions, higher oil or geopolitical escalation	Worsening of roughly 0.10-0.25 percentage point

Lock / Float Framework

- Closing within 15 days: Favor locking or using a lender option that preserves some ability to benefit from a later improvement.
- Closing in 15-30 days: Neutral-to-cautious. Float only with defined monitoring and a specific lock trigger.
- Closing beyond 30 days: More room to tolerate volatility, but do not assume the Fed will rescue long-term rates.
- Purchase under contract: Protect the payment and qualification first. A small potential gain is rarely worth risking closing certainty.

Suggested Trigger Levels

- Improvement signal: 10-year Treasury sustains a move below roughly 4.60% with improving MBS prices.
- Caution signal: 10-year Treasury holds above roughly 4.75% or the 30-year pushes materially above 5.30%.
- Headline override: A renewed oil spike or escalation in the Middle East favors defensive locking even before technical levels break.

CLIENT MESSAGE Rates are modestly worse because the long-term bond market is focused on inflation, government borrowing and global risk - not simply the Fed's next move. The next five business days contain several chances for improvement, but the probability-weighted outlook favors volatility with limited upside and slightly more risk of deterioration.

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PROFESSIONAL INTERPRETATION

What could change the forecast

Why Rates Could Improve

- Import prices, PMI price components, or industrial activity show clearer disinflation and slower demand.
- The FOMC minutes read less hawkish than markets expect, particularly after softer post-meeting data.
- The 20-year and 30-year TIPS auctions draw strong demand, easing the long-end supply premium.
- Oil prices stabilize or fall and geopolitical risk de-escalates.

Why Rates Could Worsen

- Energy prices rise further and reinforce the market's inflation concern.
- Economic data remain firm enough to keep policy restrictive while long-term issuance stays heavy.
- Treasury auctions show weak demand, forcing yields higher to attract buyers.
- Mortgage spreads stay wide, preventing consumer rates from fully following any Treasury improvement.

Final Prediction

Over the five business days ending August 24, the most likely result is a volatile but broadly range-bound mortgage market with a modest upward bias. Brief improvements are possible after softer data, yet a sustained rally probably requires both favorable inflation/growth signals and strong long-duration auction demand. The expected finishing range is approximately unchanged to 0.10 percentage point worse than current daily pricing, with a wider risk range of roughly 0.15 percentage point better to 0.25 percentage point worse.

Sources and Method

- U.S. Department of the Treasury - Daily Treasury Par Yield Curve Rates and methodology: https://home.treasury.gov/resource-center/data-chart-center/interest-rates
- Federal Reserve - August 2026 calendar and July 28-29 FOMC minutes schedule: https://www.federalreserve.gov/newsevents/2026-august.htm
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- Mortgage News Daily - Daily mortgage and MBS market references: https://www.mortgagenewsdaily.com/mortgage-rates
- Reuters - August 17, 2026 global markets coverage of Treasury yields, fiscal concerns and corporate issuance: https://www.reuters.com/world/china/global-markets-global-markets-2026-08-17/

Important Limitation

This is a probability-based market outlook, not a guaranteed prediction or a lender rate quote. Mortgage rates vary by credit, loan-to-value, occupancy, property type, loan size, lock period, points, lender margins, and market conditions. Forecast ranges can be exceeded when economic data, geopolitical events, energy prices, Treasury auctions, or market liquidity surprise investors.