

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Come For The Big Rally, Stay For The Staying Power



Mike David

Producing Branch Manager,
Oklahoma Mortgage Group

www.OklahomaMortgageGroup.com

P: (918) 361-1550

M: (918) 361-1550

mike@omghomeloans.com

6666 S Sheridan Rd

Tulsa Oklahoma 74133

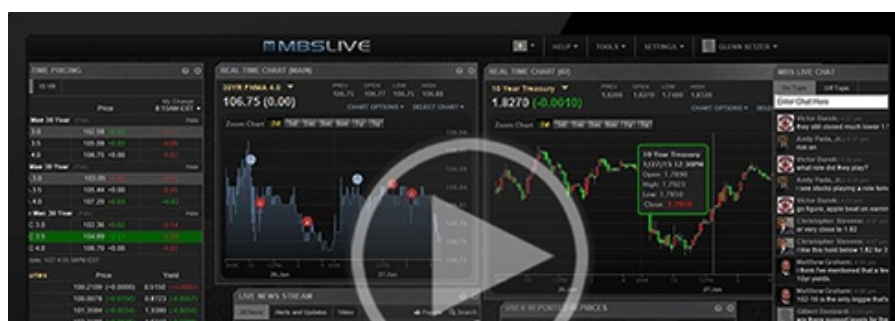
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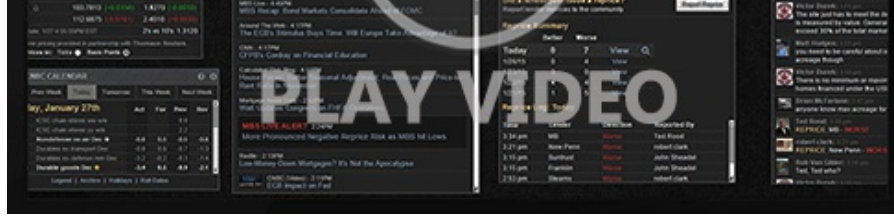


Come For The Big Rally, Stay For The Staying Power

MBS Recap | Matthew Graham | 4:04 PM

Bonds rallied sharply on Monday. It wasn't the first time we've seen some decent gains in the past few months, but it was definitely the first time we didn't need to grease the skids with the highest yields in several months in the previous session. In other words, it was a rally that arrived after a string of already fairly decent days--the first we've seen since September 10th. Credit goes to the announcement of Scott Bessent as Treasury Secretary who's seen as a more fiscally conservative option--something bonds have been longing for.





Watch the Video

MBS Morning

8:54 AM Strong Overnight Gains. Bonds Like Bessent?

Market Movement Recap

- 08:41 AM Stronger start with most of the gains hitting immediately at the overnight open. MBS up a quarter point and 10yr down 9bps at 4.318
- 01:19 PM Gains continue. MBS up 15 ticks (.47) and 10yr down 12.8bps at 4.279
- 03:01 PM Steady near best levels. MBS up half a point and 10yr down 13.8bps at 4.269

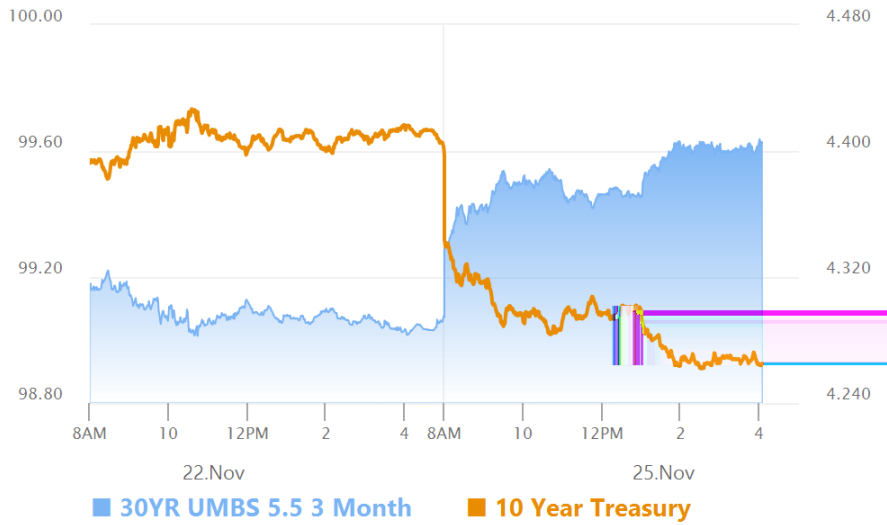
Lock / Float Considerations

- The rising rate trend that began in October finally ended last week. Bond's victory had been to merely move sideways instead of higher in yield. Bessent's Treasury appointment added emphasis to the reversal, giving the appearance that rates are headed back in the other direction. While such a move is possible, it is most likely to be seen in response to sufficiently weak economic data. In other words, the early rally this week is "nice," but it's only an indication of ongoing improvement if the data says so.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.49
 - o 4.43
- Floor/Resistance
 - o 4.12
 - o 4.20
 - o 4.30
 - o 4.35

MBS & Treasury Markets



MBS

30YR UMBS 5.5	+
30YR UMBS 6.0	+
30YR GNMA 5.5	+
15YR UMBS-15 5.0	+

US Treasuries

10 YR	4.265%	-0.142%
2 YR	4.267%	-0.107%
30 YR	4.450%	-0.143%
5 YR	4.171%	-0.126%

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