

# MBS & TREASURY MARKETS

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## **ALERT:** Down an Eighth From AM Highs

MBS are underperforming Treasuries at the moment, even if we use 5yr yields as a benchmark. 10yr yields are down 0.2bps at 4.399 (i.e. slightly stronger).

MBS are now back in weaker territory after a decent morning rally. 5.5 UMBS are now an eighth of a point below the highs. In rare cases, this is a scenario that results in negative reprices for the jumpiest, earliest lenders. That said, it doesn't look like it would be a big reprice, nor are there signs of a significant negative shift in the bond market if you were otherwise inclined to wait for the Fed announcement.



**Charles Dailey**

COO, iLoan

[www.charlesdailey.com](http://www.charlesdailey.com)

**P:** (612) 234-7283

**M:** (651) 428-6968

[charles@charlesdailey.com](mailto:charles@charlesdailey.com)

2107 Skyway Dr  
Saint Paul MN 55119

79048

