

MBS & TREASURY MARKETS

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MBS Recap: Bonds Improved Throughout The Day, With and Without Stock Market Losses



Justin Lyons

Mortgage Banker, Frandsen Bank and Trust

results.frandsenbank.com

P: (218) 673-5015

M: (218) 590-8052

4803 Miller Trunk Highway
Duluth MN 55811

NMLS# 2068093



Bonds Improved Throughout The Day, With and Without Stock Market Losses

MBS Recap Matthew Graham | 5:02 PM

Based on the movement at the end of last week as well as this morning's rally, it would be easy to conclude that bonds were benefiting from weakness in the stock market. While that is still arguably true, as the day progressed, we also saw that bonds were willing to hold their gains even as stocks tried to recover. There were no scheduled events that moved markets and a majority of the volume surrounded the first hour or so of the NYSE session.



Watch the Video

MBS Morning

10:33 AM Slow Start, No Data, But Holding Near 2025's Best Levels

Market Movement Recap

- 10:10 AM Modestly weaker overnight, but rallying back into positive territory now. MBS up 1 tick (.03) and 10yr down 1bp at 4.416
- 02:41 PM Flat and calm near best levels. MBS up an eighth and 10yr down 1.8bps at 4.407
- 04:46 PM Heading out at best levels with MBS up 5 ticks (.16) and 10yr down 2.7bps at 4.399

Lock / Float Considerations

- There are two ways to think about lock/float risks heading into the weekend. On one hand, we had an aggressive rally (relatively) over the past 3 days, and weekends always present a risk of positions unwinding on Monday morning, thus causing a market reversal. On the other hand, we had an afternoon bond market rally that only resulted in a handful of lenders repricing, thus building in about an eighth of a point of cushion in Monday's MBS prices. Risk averse clients are always keen to take advantage of the lowest rates in more than 2 months while risk tolerant clients are enjoying the extra room between current levels and stop-loss lock triggers.

Technicals/Trends in 10yr (why 10yr)

Ceiling/Support (can be used as "lock triggers")

- ○ 4.80
- 4.65
- 4.57
- 4.50

- Floor/Resistance
- 4.19
- 4.34
- 4.40

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	4.401%	-0.025%
2 YR	4.177%	-0.017%
30 YR	4.659%	-0.023%
5 YR	4.241%	-0.028%

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