

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Don't Sweat The Modest Weakness



Nathaniel Rutkoski

Mortgage Broker, Zoom Loans

www.ZMLoans.com

M: (408) 767-6311

2140 W Grantline Rd
Tracy CA 95376

NMLS# 356590

ZOOM LOANS



Melissa Jimenez

Realtor, Realty ONE Group Zoom

melissajimenezrealtor.com

P: (209) 627-0612

mjrealestate12@gmail.com

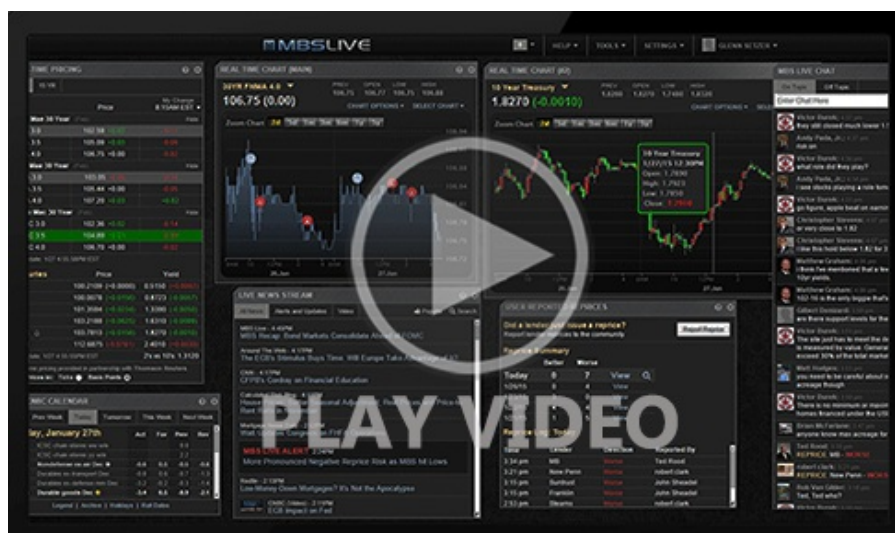
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Don't Sweat The Modest Weakness

MBS Recap | Matthew Graham | 4:47 PM

Bonds began the day roughly unchanged and very flat for most of the morning. MBS began falling as we moved into the PM hours, ultimately resulting in a handful of negative reprices, about a quarter point of weakness, and a 4+bp jump in Treasury yields. If the frame of reference is limited to the domestic session, this is a moderate sell-off at best, but in the bigger picture, it was not even worth mentioning, let alone considering as a cause of concern. Bonds are heading into the 3 day weekend at much less alarming levels than last week, and with the the same requirement to wait for clarity on fiscal policies before the next major movement is revealed.



[Watch the Video](#)

MBS Morning

10:45 AM Slow Start, Narrowest Range, Early Close

Alert

12:32 PM Weakest Levels Of The Day

Econ Data / Events

- Jobless Claims
 - 215k vs 225k f'cast, 224k prev
- Philly Fed
 - -26.4 vs 2.0 f'cast, 12.5 prev

- Philly Fed Prices
 - 51.0 vs 48.3 prev
- Philly Fed New Orders
 - -34.2 vs 8.7 prev

Market Movement Recap

- 08:43 AM Initially weaker overnight, then reversing into U.S. hours. Slightly stronger after data. MBS down 1 tick (.03) and 10yr up 0.7bps at 4.285
- 12:37 PM Weakest levels now. MBS down an eighth and 10yr up 5.1bps at 4.329

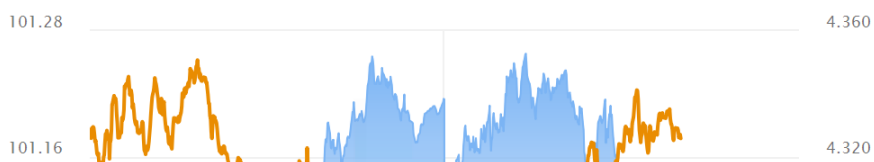
Lock / Float Considerations

- Markets sent a strong message to the administration regarding the implementation of tariff policies and the administration adjusted. Markets have subsequently adjusted back to the pre-tariff range. Volatility risk remains higher than normal and the farther yields fall into the pre-tariff range (roughly 4.15 - 4.40% in 10yr yield), the more a defensive strategy makes sense.

Technicals/Trends in 10yr (why 10yr)

- **Ceiling/Support** (can be used as "lock triggers")
 - 4.64
 - 4.48
- **Floor/Resistance**
 - 3.99
 - 4.05
 - 4.12
 - 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 | 4.326% | +0.048% |
| 2 YR | 3.800% | +0.026% |
| 30 YR | 4.800% | +0.070% |
| 5 YR | 3.939% | +0.038% |

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