

MBS & TREASURY MARKETS

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MBS Recap: Yields Magically and Mysteriously Sink to Lowest Levels in 2 Months.



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Yields Magically and Mysteriously Sink to Lowest Levels in 2 Months.

MBS Recap Matthew Graham | 4:15 PM

At the 3pm CME close, 10yr yields were just over 4.10%--the lowest level since December 4th, 2025. In light of yesterday's stronger jobs report, today's absence of market moving data, and this week's Treasury auction cycle, it is impossible to account for these gains without conjecture and assumption. Certainly heavy selling in stocks and commodities deserves some credit for driving a flight to safety that benefited bonds, but we've definitely seen similar stock selling without the bond market benefit. Apart from that, the guesses get more tenuous as we'd have to rely on things that can't be seen or measured. Friday's CPI carries some volatility potential, but not in the same league as the jobs report.

01:04 PM 30yr bond auction 4.75 vs 4.771 expectations. Bid to cover 2.66 vs 2.36 avg (higher is better).

10yr yields down 6.1bps to new lows of 4.113. MBS up 8 ticks still.

03:35 PM

Best levels of the day. MBS up 9 ticks (.28) and 10yr down 7bps at 4.103

Lock / Float Considerations

- All bets are off given the paradoxically large bond rally on Thursday. The only question is whether the mysterious rally momentum has already been exhausted. Risk-tolerant clients tend to wait for the market to demonstrate such things before adjusting lock/float stance. Risk-averse clients are considering the volatility potential associated with Friday's CPI data.

Technicals/Trends in 10yr (why 10yr)

- **Ceiling/Support** (can be used as "lock triggers")
 - o 4.48
 - o 4.40
 - o 4.34
 - o 4.28
 - o 4.19
 - o 4.12
 - o 4.05
- **Floor/Resistance**
 - o 3.89
 - o 3.97

MBS & Treasury Markets



MBS

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

US Treasuries

10 YR	4.099%	-0.074%
2 YR	3.456%	-0.064%
30 YR	4.733%	-0.074%
5 YR	3.658%	-0.085%

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