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.

Watch the Video

MBS Morning

9:07 AM Slower Data. Slower Morning

3:02 PM

Econ Data / Events

- Continued Claims (Jan)/31
  - 1,862K vs 1850K f'cast, 1844K prev
- Jobless Claims (Feb)/07
  - 227K vs 222K f'cast, 231K prev
- Existing Home Sales
  - 3.91m vs 4.18m f'cast, 4.27m prev

Market Movement Recap

08:37 AM No major reaction to jobless claims data. Modestly stronger overnight with 10yr down 2.1bps at 4.152 and MBS up 3 ticks (0.09).

10:02 AM Best levels of the morning with MBS up an eighth and 10yr down 2.3bps at 4.15

11:29 AM Mini-snowball rally with help from stock losses. 10yr down 5.2bps at 4.121 and MBS up 7 ticks (.22)

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")
  - 4.48
  - 4.40
  - 4.34
  - 4.28
  - 4.19
  - 4.12
  - 4.05
- Floor/Resistance
  - 3.89
  - 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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