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MBS Recap: Volatile Day Thanks to Central Banks And, Eventually Oil



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Volatile Day Thanks to Central Banks And, Eventually Oil

MBS Recap | Matthew Graham | 3:48 PM

Bonds took a break from their lock-step tango with oil prices for most of today's session instead focusing on European Central Bank (ECB) policy news. Key considerations included a sharply higher inflation forecast, warnings of additional upside risks, and a repricing of rate hike (not cut) expectations for 2026. Combined with yesterday's bad reaction to the Fed, the front end of the yield curve got hit hard--especially in the morning--and the pain radiated outward from there. During the selling spree, oil prices were staying well behaved. It wasn't until the end of the day that geopolitical headlines helped oil prices drop sharply, bringing bond yields along for the ride.



Lock / Float Considerations

- updated 3/18/26 after Fed day.

Fed reaction added more volatility than expected to an already volatile environment. Risks remain elevated mainly due to geopolitical uncertainty and the energy price rout. All of March has been generally a one-way trade for bonds with a few corrective moments. We'd continue to wait for the dust to definitively settle before feeling like taking any major risks with locking/floating.

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

US Treasuries

10 YR	4.252%	-0.009%
2 YR	3.792%	+0.022%
30 YR	4.836%	-0.048%
5 YR	3.884%	+0.007%

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