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

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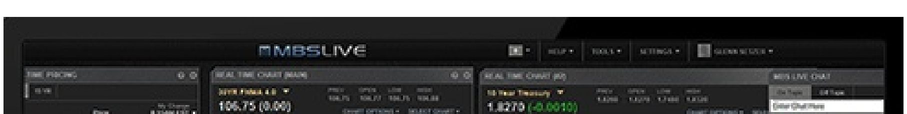
Volatile Day Thanks to Central Banks And, Eventually Oil

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.



Watch the Video

MBS Morning

8:55 AM Bonds Ignore Oil in Favor of Repricing The Rate Outlook

Update

10:13 AM Back in Positive Territory as US Bonds Follow EU

Alert

1:24 PM Negative Reprice Risk Increasing For Some Lenders

Econ Data / Events

- - Continued Claims (Mar)/07
    - 1,857K vs 1850K f'cast, 1850K prev
  - Jobless Claims (Mar)/14
    - 205K vs 215K f'cast, 213K prev
  - Philly Fed Business Index (Mar)
    - 18.1 vs 10 f'cast, 16.3 prev
  - Philly Fed Prices Paid (Mar)
    - 44.70 vs -- f'cast, 38.90 prev

Market Movement Recap

08:20 AM moderately weaker overnight. with most of the losses seen in the last 2 hours. MBS down a quarter point and 10yr up 4.7bps at 4.308. 2yr yield is up twice as much as market reacts to Fed day

10:17 AM Back to unchanged in MBS and up half a bp in 10yr at 4.267

02:41 PM Off best levels. MBS down 6 ticks (.09) and 10yr up 2.3bps at 4.284

03:08 PM MBS back to unchanged and 10yr now down 1.8bps at 4.245 on headlines suggesting Strait of Hormuz could reopen.

Lock / Float Considerations

- updated 3/18/26 after Fed day.

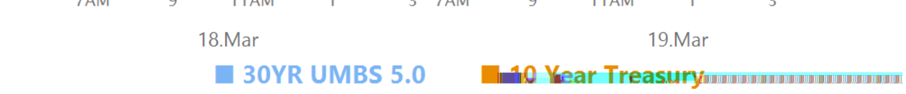
  Fed reaction added more volatility than expected to an already volatile environment. Risks remain elevated mainly due to geopolitical uncertainty and the energy price rout. All of March has been generally a one-way trade for bonds with a few corrective moments. We'd continue to wait for the dust to definitively 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")
  - 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	4.252%	-0.009%
2 YR	3.792%	+0.022%
30 YR	4.836%	-0.048%
5 YR	3.884%	+0.007%

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