MBS Recap: Decent Gains Amid De-Escalation Headlines

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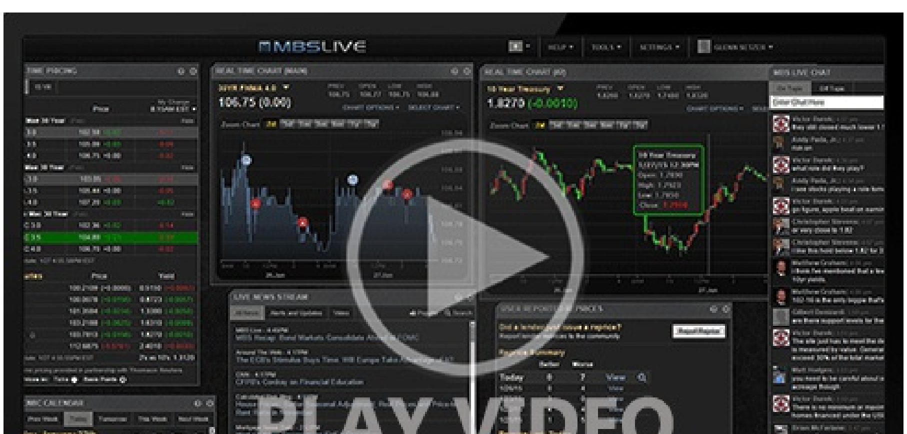
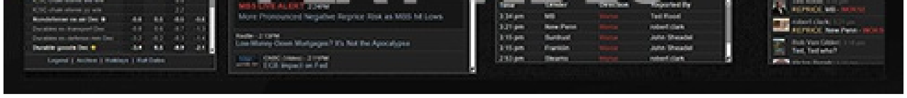
Decent Gains Amid De-Escalation Headlines

MBS Recap Matthew Graham | 3:53 PM

Don't worry about what actually happened, who actually spoke to whom, and the details of the conversations that may or may not have happened. Today's simplest fact is that the President said things that can be filed under the heading of "de-escalation" of the Iran war and markets were obviously and immediately willing to respond. It's the response that's encouraging-regardless of the details. **By no means** does this constitute the big shift we're waiting for, but it at least suggests such a shift will be possible when the war is truly over.





Watch the Video

MBS Morning

9:26 AM Big Early AM Rally Gets Bonds Back in The Green

Alert

12:00 PM MBS Well Off Highs

3:42 PM

Econon Data / Events

- Construction Spending
  - -0.2 vs 0.1 f'cast, 0.8 prev

Market Movement Recap

09:09 AM Weaker overnight then sharply stronger just after 7am on "war might end" headlines. MBS up 6 ticks (.19) and 10yr down 1.8bps at 4.366 after being as high as 4.442 just before 7am.

10:36 AM Additional gains on additional Iran negotiation headlines. MBS up nearly 3/8ths and 10yr down 3.8bps at 4.345

12:49 PM Well off highs. MBS up 5 ticks (.16) on the day and 10yr down only 1.8bps at 4.365

03:09 PM Nice recovery. MBS up 3/8ths and 10yr down 5.5bps at 4.328

Lock / Float Considerations

- updated 3/23/26

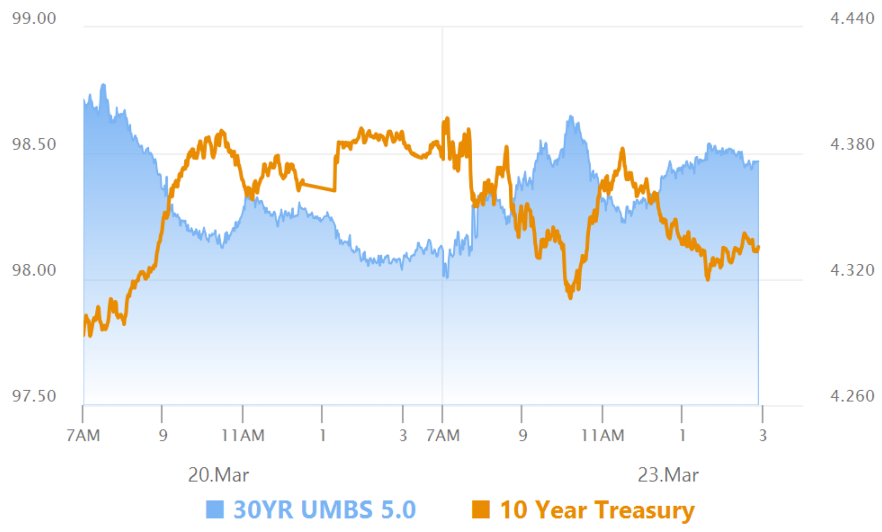
  Volatile day for bonds with a decent proof of concept regarding the correlation between Iran war de-escalation and bond market gains. We'd remain cautious and defensive until a clear trend of de-escalation (and, importantly, bond market response) is established. That will take more than a day or two of gains.

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	4.335%	-0.048%
2 YR	3.837%	-0.067%
30 YR	4.908%	-0.034%
5 YR	3.951%	-0.057%

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