

MBS & TREASURY MARKETS

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MBS Recap: That Escalated Quickly



Mark Shay

Mortgage Advisor, Fairway
Independent Mortgage
Corp

markshayfairwaymortgage.com

M: (248) 765-8001

3525 Piedmont Rd. NE Bldg. 6
Suite 305
Atlanta GA 30305
995724

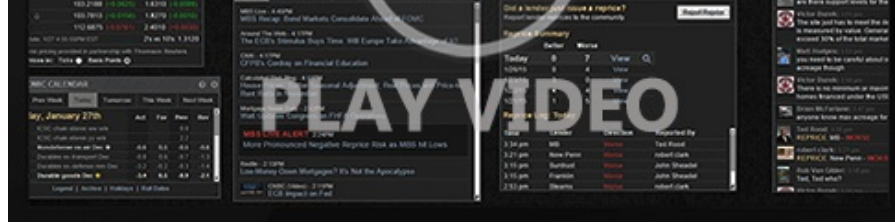


That Escalated Quickly

MBS Recap | Matthew Graham | 4:10 PM

It would be easy to check in on the bond market at some point on Thursday afternoon and conclude there'd been precipitous escalation in the Iran war or some other big new development putting pressure on bonds (10yr yields up almost 10bps to 4.42+ and MBS down more than 5/8ths). But today's selling was remarkably linear and steady. It began in the overnight session and ramped up at 10:30am ET after a brief correction this morning. If you need a single scapegoat, it's simply "renewed escalation" after yesterday's session raised some hopes for the opposite. Looking a bit deeper, we also suspect the entire market is positioning defensively for a weekend with serious volatility potential.





Watch the Video

MBS Morning

9:20 AM Oil And Yields Move Back Up

Alert

11:24 AM Down More Than an Eighth From Highs

Alert

12:33 PM Negative Reprice Risk Increasing

3:18 PM

Econ Data / Events

- ○ Continued Claims (Mar)/14
 - 1,819K vs 1850K f'cast, 1857K prev
- Jobless Claims (Mar)/21
 - 210K vs 210K f'cast, 205K prev

Market Movement Recap

- 08:31 AM Weaker overnight and no reaction to data. MBS down a quarter point and 10yr up 4.4bps at 4.375
- 11:24 AM Down 10 ticks (.31) on the day and 5 ticks (.16) from AM highs. 10yr up 4.5bps at 4.376
- 12:34 PM Weakest levels. MBS down more than 3/8ths and 10yr up 7bps at 4.399
- 02:32 PM More selling. MBS down 5/8ths and 10yr up 8.6bps at 4.417

Lock / Float Considerations

2 YR	3.990%	+0.100%
30 YR	4.937%	+0.031%
5 YR	4.098%	+0.123%

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