MBS Recap: That Escalated Quickly

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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.

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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

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02:32 PM More selling. MBS down 5/8ths and 10yr up 8.6bps at 4.417

Lock / Float Considerations

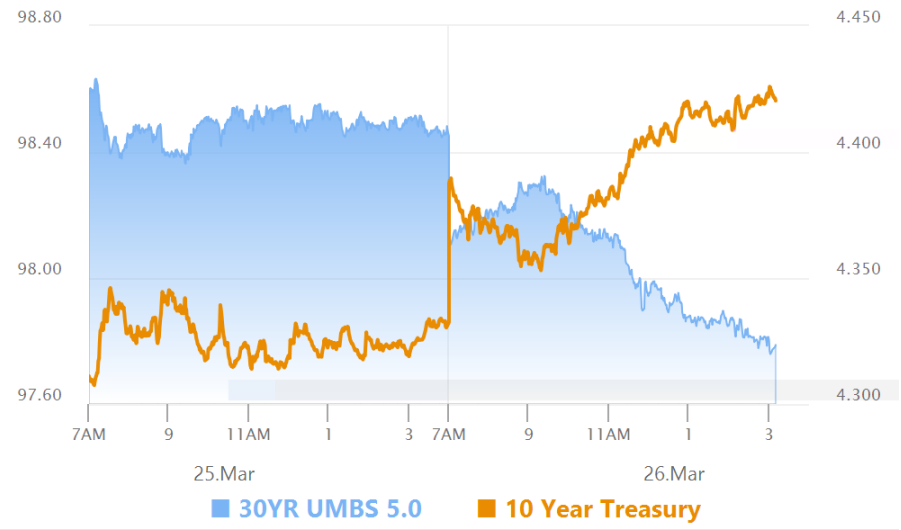
- 3/26/26 - Volatility strikes back, reminding us what a great idea it's been to treat the entire month of March as a perpetual lock opportunity due to pervasive bond market weakness and elevated volatility. Throughout this ordeal, we've reminded you that a day or two of gains here or there would not be enough to signal a shift and today's rate spike is the latest evidence.

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

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

US Treasuries		
10 YR	4.420%	+0.089%
2 YR	3.990%	+0.100%
30 YR	4.937%	+0.031%
5 YR	4.098%	+0.123%

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