

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

A message from Marc Erickson:

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MBS Recap: Markets Hit by Glut of Escalation Headlines



Marc Erickson

Mortgage Guide, Excel
Financial Group, LLC

www.themortgagemarc.com

P: (720) 295-0704

M: (720) 295-0704

123 N College Avenue
Fort Collins CO 80524
1245157



Ehric Wolfe

REALTOR®, Coldwell
Banker Realty

www.coloradowolfehomes.com

P: (970) 691-5299

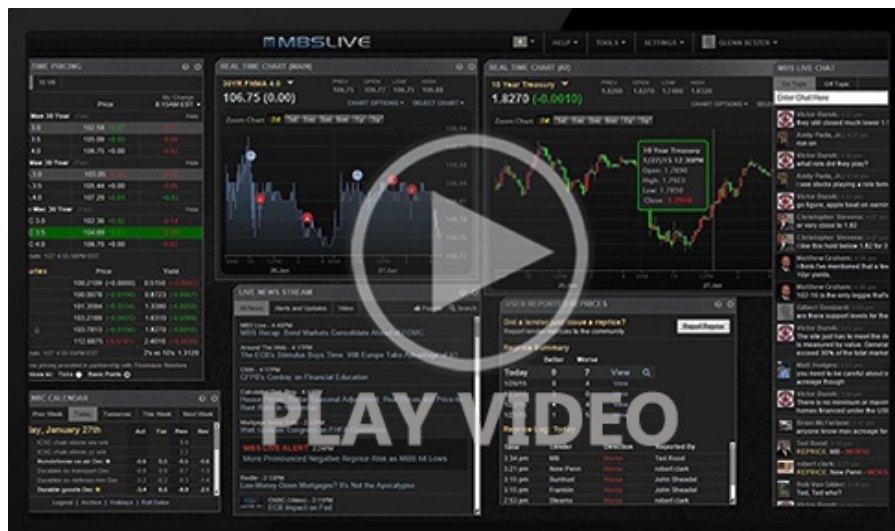
ehric@coloradowolfehomes.com

3665 John F Kennedy Parkway
Fort Collins CO 80525



Markets Hit by Glut of Escalation Headlines

Monday's trading session ended up being as simple as it was unpleasant. Bonds lost ground somewhat sharply as war-related headlines kept adding up to additional escalation. Highlights include overnight reports of Iran hitting a U.S. warship with missiles, multiple reports of UAE air defenses being activated, and damage/fire at a UAE oil export terminal. While bonds had a few moments of independence, they were broadly driven by rising oil prices associated with the aforementioned headlines.



Watch the Video

Alert

9:51 AM MBS Down Just Over an Eighth

MBS Morning

10:09 AM Weaker Start. Bonds Not Recovering With Oil So Far

Alert

11:34 AM MBS Now Down 3/8ths on The Day

Alert

12:21 PM Negative Reprices Becoming More Likely

3:32 PM

Econ Data / Events

- ○ ISM Manufacturing Employment (Apr)
 - 46.4 vs 49 fcast, 48.7 prev

- ISM Manufacturing PMI (Apr)
 - 52.7 vs 53 f'cast, 52.7 prev
- ISM Mfg Prices Paid (Apr)
 - 84.6 vs 80 f'cast, 78.3 prev

Market Movement Recap

- 09:20 AM moderately weaker overnight. 10yr up 3.5bps at 4.41 and MBS down 7 ticks (.22).
- 11:31 AM Weakest levels after headlines regarding Iran attacking UAE. MBS down 3/8ths and 10yr up 6bps at 4.435
- 02:23 PM sideways just off weakest levels. MBS down half a point and 10yr up 7.1bps at 4.447

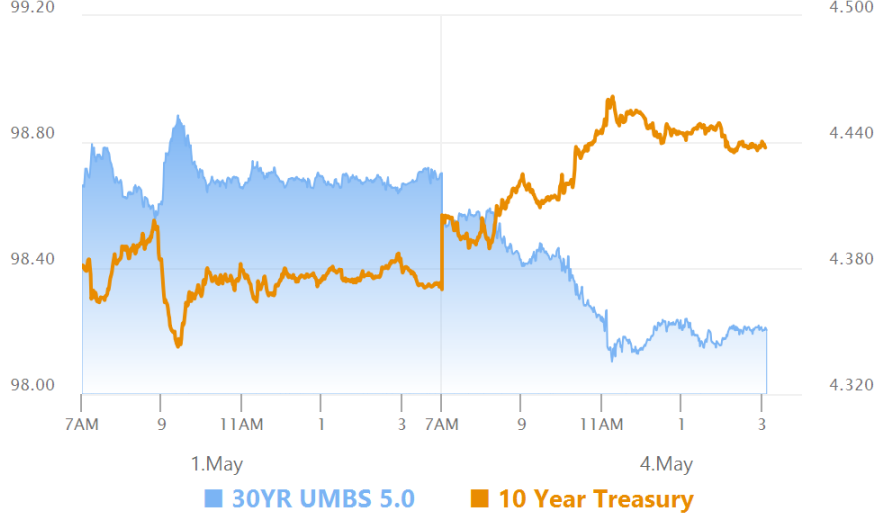
Lock / Float Considerations

- 5/4/26 - Despite Friday's hopeful technical set-up, yields were unable to close below our confirmation target of 4.37. Now today, they're up to multi-week highs and above the 4.42% technical level. Of course a sweeping peace agreement with Iran could change the tone at any moment, but until then, a defensive strategy makes the most sense.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - 4.66
 - 4.59
 - 4.48
- Floor/Resistance
 - 4.05
 - 4.12
 - 4.19
 - 4.28
 - 4.34
 - 4.40

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	4.438%	+0.063%
2 YR	3.950%	+0.067%
30 YR	5.017%	+0.055%
5 YR	4.083%	+0.066%

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