MBS Recap: Markets Hit by Glut of Escalation Headlines

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Markets Hit by Glut of Escalation Headlines

MBS Recap Matthew Graham | 4:07 PM

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

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10:09 AM Weaker Start. Bonds Not Recovering With Oil 30 Par

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 f'cast, 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")

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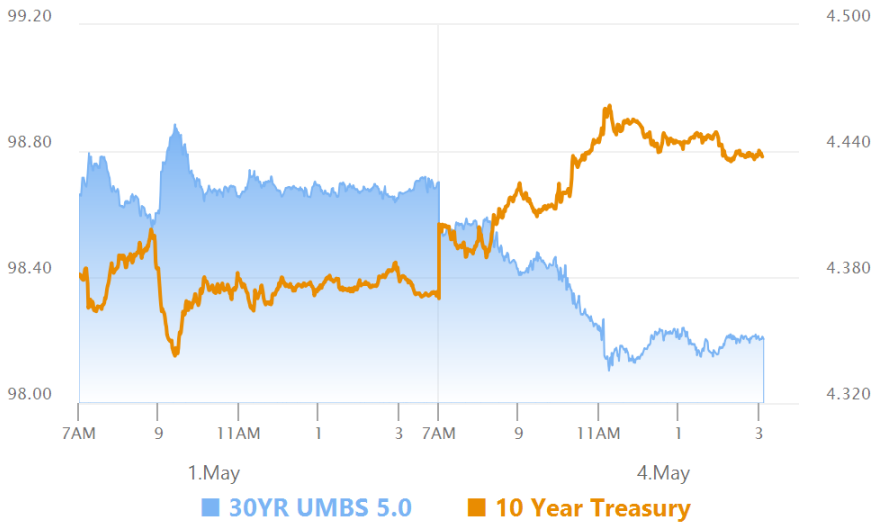
- Ceiling/Support (can be used as lock triggers)
  - 4.66
  - 4.59
  - 4.48

- 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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