

MBS & TREASURY MARKETS

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MBS Recap: Pre-Market Gains Stuck Around All Day



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Pre-Market Gains Stuck Around All Day

MBS Recap | Matthew Graham | 4:15 PM

The entirety of the domestic trading session was very flat compared to the ground covered during the overnight session. Pre-market headlines regarding a potential peace deal accounted for a 7bp drop in 10yr yields and 3/8th point improvement in MBS. 10s gained about 1 more bp by the close and MBS added another eighth of a point, bringing to total rally over half a point on the day as of 4pm ET. There were no other notable market movers by the time domestic trading hours began. The rally speaks to the likelihood that an official peace deal could create more rally momentum, but also to the market's susceptibility to war-related headlines.





Watch the Video

MBS Morning

8:49 AM Big Overnight Recovery on Peace Deal Reports

3:50 PM

Econ Data / Events

- ○ MBA Purchase Index (May)/01
 - 171.1 vs -- f'cast, 177.7 prev
- MBA Refi Index (May)/01
 - 928.6 vs -- f'cast, 977.9 prev
- Mortgage (Mar)ket Index (May)/01
 - 285.3 vs -- f'cast, 298.5 prev
- ADP jobs (Apr)
 - 109K vs 99K f'cast, 62K prev

Market Movement Recap

- 08:16 AM Stronger overnight on reports that a peace deal was within reach. Both sides have since refuted those reports. 10yr still down 5.7bps at 4.368 and MBS are starting out about 3/8ths higher.
- 11:19 AM At best levels. MBS up half a point and 10yr down 7.6bps at 4.349
- 01:42 PM holding near best levels. MBS up half a point and 10yr down 7.7bps at 4.348

Lock / Float Considerations

- 5/6/26 - Yesterday, we noted a modest asymmetric opportunity that could benefit risk takers. Today's sharp drop in rates might make it seem like that opportunity panned out, but the truth is that it was the unexpected progress toward a peace deal that accounted for the gains. This highlights the ongoing volatility potential surrounding war-related headlines. The most important takeaway from today's market movement is that the bond market definitely has more room for improvement when peace is officially achieved.

Technical/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.66
 - o 4.59
 - o 4.48
- Floor/Resistance
 - o 4.05
 - o 4.12
 - o 4.19
 - o 4.28
 - o 4.34
 - o 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	4.347%	-0.078%
2 YR	3.867%	-0.075%
30 YR	4.934%	-0.053%
5 YR	3.996%	-0.082%

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