

MBS & TREASURY MARKETS

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A message from Marc Erickson:

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MBS Recap: Full Reversal And Then Some



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Full Reversal And Then Some

Bonds more than made up from Tuesday's rout with a massive rally on Wednesday. Unlike Tuesday's move, which was driven by bond-market-specific selling pressure on the part of one account's massive liquidations, Wednesday's rally was broad-based and driven by war-related headlines. Specifically, newswires suggested the U.S. and Iran are now very close to agreeing on a plan to end the war. The market isn't just hearing "wolf!" It's pretty sure it's seeing an actual wolf on the horizon. This is important and ongoing proof of concept regarding the prospect of additional improvement in the event speculation becomes reality. Conversely, it's also a reminder that things can change quickly if the peace narrative deteriorates in coming days.



Watch the Video

MBS Morning

10:24 AM Bleeding Subsides For Now, Headlines Helping But Bonds Remain Cautious

Update

11:31 AM In Case You Missed It, This is Why Bonds Are Rallying

3:14 PM

Market Movement Recap

- 08:49 AM moderately stronger overnight. MBS up an eighth and 10yr down 2.1bps at 4.646
- 10:27 AM gaining some ground on Pakistan headlines (potential final draft of peace terms tomorrow). 10yr down 3.7bps at 4.629 and MBS up just over a quarter point.
- 01:18 PM

Lock / Float Considerations

- 5/20/26 - Super solid re-connection between bond market movement and the war headline news cycle today. The sharp drop reinforces the fact that a confirmed peace deal will almost certainly facilitate an additional rate rally. As continues to the be case, there's a high degree of uncertainty about the path of rates between now and then.

Technical/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.80
 - o 4.72
- Floor/Resistance
 - o 4.19
 - o 4.28
 - o 4.34
 - o 4.40
 - o 4.48
 - o 4.59
 - o 4.66

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 | 4.575% | -0.093% |
| 2 YR | 4.046% | -0.073% |
| 30 YR | 5.115% | -0.066% |
| 5 YR | 4.231% | -0.092% |

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