MBS Recap: Markets Were Skeptical of Mid-Day Peace Headlines and That Was a Good Instinct

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Markets Were Skeptical of Mid-Day Peace Headlines and That Was a Good Instinct

MBS Recap Matthew Graham | 4:01 PM

A few hours into the trading session, newswires came out that seemed to offer the best hopes of a peace deal yet. Specifically, it said that Trump was in the situation room to make a final determination on the peace deal and that issues required for the infamous one page memo had already been agreed upon. Markets were surprisingly cautious about reading too much into that, although it briefly took yields to their lowest levels of the week. By the end of the day, we learned that no decision had been made and negotiations weren't any farther along than already assumed based on the week's earlier "close to signing the memo" news. Bonds faded back toward opening levels to end the day roughly unchanged. Next week brings more headline-watching as well as the month's biggest slate of domestic econ data.

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Watch the Video

MBS Morning

10:03 AM Flat Overnight And Slow Start

1:59 PM

Econ Data / Events

- Wholesale Inventories
  - 0.5 vs 0.8 f'cast, 1.3 prev
- Chicago PMI
  - 62.7 vs 50.5 f'cast

Market Movement Recap

08:33 AM Fairly flat overnight and little-changed to start. MBS up 2 ticks (.06) and 10yr unchanged at 4.445

10:57 AM Gaining ground after Trump "final decision pending" headlines. MBS up 3 ticks (.09) and 10yr down 1bp at 4.436

02:24 PM Fairly flat. MBS up an eighth and 10yr down half a bp at 4.438

Lock / Float Considerations

- 5/29/26 - Rates have been on a solid run over the past week and a half as prospects for peace seem to be improving. There could be some back-and-forth yet to come in this trend before peace becomes official, but it continues to be the case that rates have more room to improve when it actually happens.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")

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- 4.80
- 4.72

- Floor/Resistance
  - 4.19
  - 4.28
  - 4.34
  - 4.40
  - 4.48
  - 4.59
  - 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	4.440%	-0.004%
2 YR	3.998%	-0.025%
30 YR	4.976%	+0.004%
5 YR	4.142%	-0.009%

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