MBS Recap: Bonds Faded in the Afternoon Despite Oil Price Recovery

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Bonds Faded in the Afternoon Despite Oil Price Recovery

MBS Recap Matthew Graham | 5:18 PM

Oil prices and bond yields started the overnight session higher, but both moved to the lows of the day just after 9:30am. From then on, oil went broadly sideways while bonds sold off gradually. If oil had instead moved higher into the afternoon, we might not care about the bond market weakness. But as it stands, we have bond-specific defensiveness in the afternoon replacing the modicum of bond-specific bullishness we noted in the morning commentary. Not the end of the world, but not ideal.

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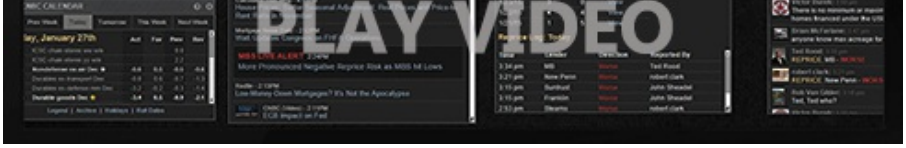

Watch the Video

MBS Morning

9:57 AM Traders Cautiously Buying The Dip

Alert

10:40 AM MBS Down Just Over an Eighth From Highs

Alert

4:16 PM New Lows, Slightly Weaker Than Mid-Day

4:50 PM

Market Movement Recap

09:13 AM Sideways to slightly stronger. MBS up 1 tick (.03) and 10yr down half a bp at 4.528

10:40 AM 10yr yields are up 2bps at 4.552 and MBS down 5 ticks (.16).

03:27 PM MBS down an eighth and 10yr up 2.3bps at 4.555.

Lock / Float Considerations

- 6/8/26 - Another leg higher for rates and another confirmation that it makes sense to remain defensive after a strong sell-off in response to a big beat in the jobs report. Upward momentum in rates waned a bit, but we're not taking much solace in that considering oil prices would have justified stronger closing levels in the bond market. We'd wait for better evidence of support before returning to a more neutral lock/float stance.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.80
  - 4.72
  - 4.66
  - 4.59

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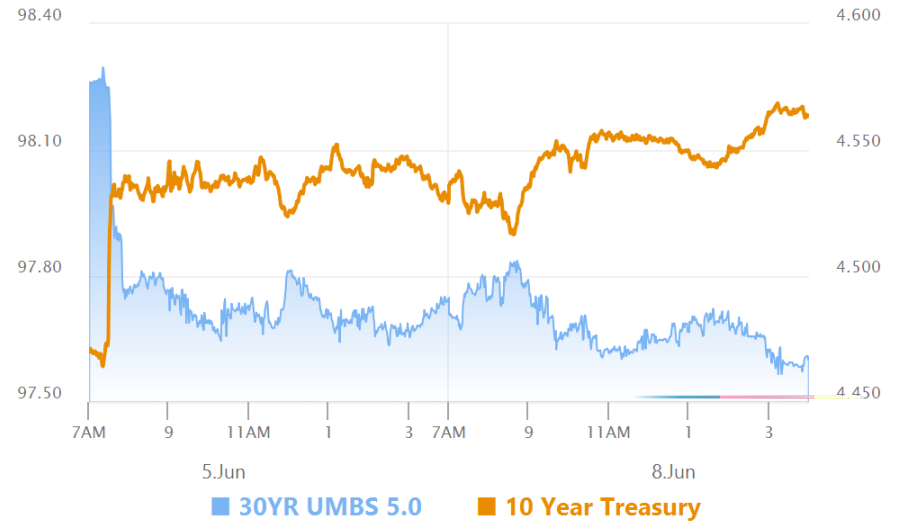
- 4.59
- 4.51

- Floor/Resistance
  - 4.19
  - 4.28
  - 4.34
  - 4.43

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	4.565%	+0.033%
2 YR	4.169%	+0.023%
30 YR	5.039%	+0.042%
5 YR	4.290%	+0.019%

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