

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

A message from Marc Erickson:

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MBS Recap: Bonds End at Strongest Levels



Ehric Wolfe

REALTOR®, Coldwell
Banker Realty

www.coloradowolfehomes.com

P: (970) 691-5299

ehric@coloradowolfehomes.com

3665 John F Kennedy Parkway
Fort Collins CO 80525



Marc Erickson

Mortgage Guide, Excel
Financial Group, LLC

www.themortgagemarc.com

P: (720) 295-0704

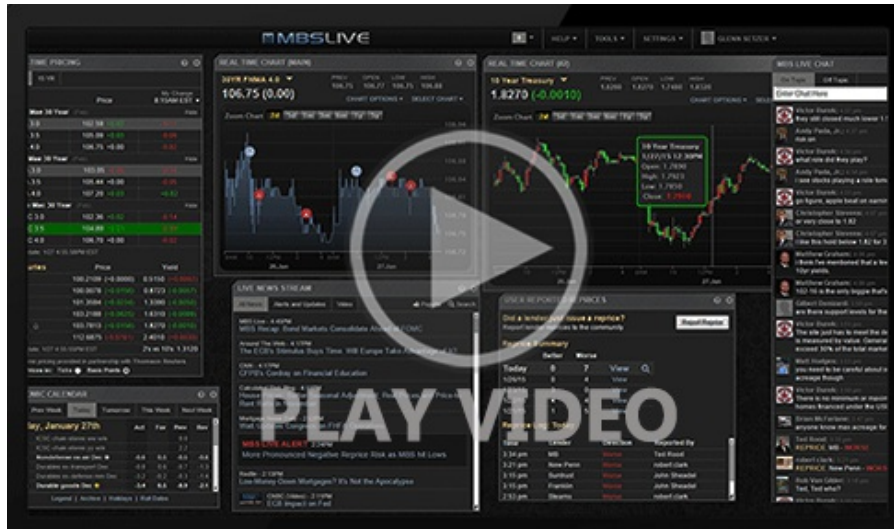
M: (720) 295-0704

123 N College Avenue
Fort Collins CO 80524
1245157



Bonds End at Strongest Levels

Unlike yesterday, which saw an uneventful open give way to intraday weakness, today's momentum was mostly friendly. Bonds avoided panicking in the morning hours. Mid-day war-related headlines made for some quick 2-way trading in the noon hour, but yields never went any higher than the AM highs. After sorting out that volatility, steady gain brought yields to the lowest levels of the day in the final hour of trading. For context, this is right on the highest edge of the short-term range seen in the week and a half leading up to the jobs report.



Watch the Video

MBS Morning

9:51 AM Another Decent Start, But Will it Last?

Alert

11:34 AM MBS Down an Eighth From Highs

3:56 PM

Econ Data / Events

- ○ NFIB Business Optimism Index (May)
 - 95.3 vs 96.0 f'cast, 95.9 prev
- ADP Employment Change Weekly
 - 29K vs -- f'cast, 35.75K prev
- Trade Gap (Apr)
 - -55.90B vs \$-56.1B f'cast, \$-60.3B prev

Market Movement Recap

- 08:23 AM A hair stronger overnight. MBS up 1 tick (.03) and 10yr down 2bps at 4.543
- 01:38 PM MBS up 2 ticks and 10yr down 3.6bps at 4.528
- 04:15 PM MBS up 5 ticks (.16) and 10yr down 4.4bps at 4.52

Lock / Float Considerations

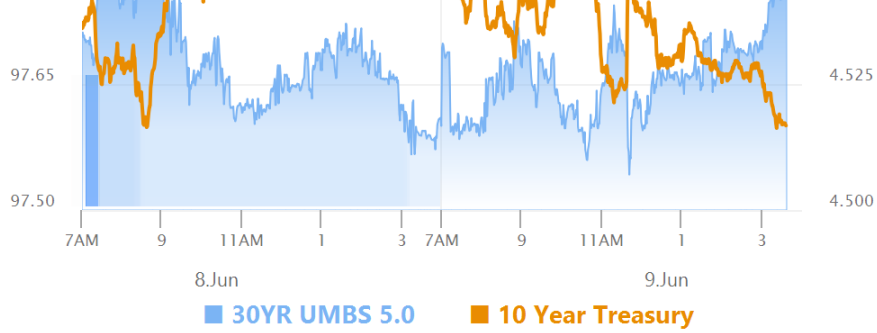
- 6/9/26 - Decent show of support for bonds today means we can move on from worrying about post-payrolls momentum and instead focus on event risk. Specifically, CPI is on deck Wednesday morning. While not as big a potential market mover as last Friday's jobs report, it can be close depending on results (and occasionally bigger). Risk-tolerant clients would now be eyeing an overhead lock trigger at 4.57%. Risk-averse clients still haven't seen a solid enough show of support to justify a more neutral stance.

Technical/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.80
 - o 4.72
 - o 4.66
 - o 4.59
 - o 4.51
- Floor/Resistance
 - o 4.19
 - o 4.28
 - o 4.34
 - o 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	4.517%	-0.047%
2 YR	4.121%	-0.036%
30 YR	4.997%	-0.041%
5 YR	4.245%	-0.047%

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