

MBS & TREASURY MARKETS

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MBS Recap: Bonds End at Strongest Levels



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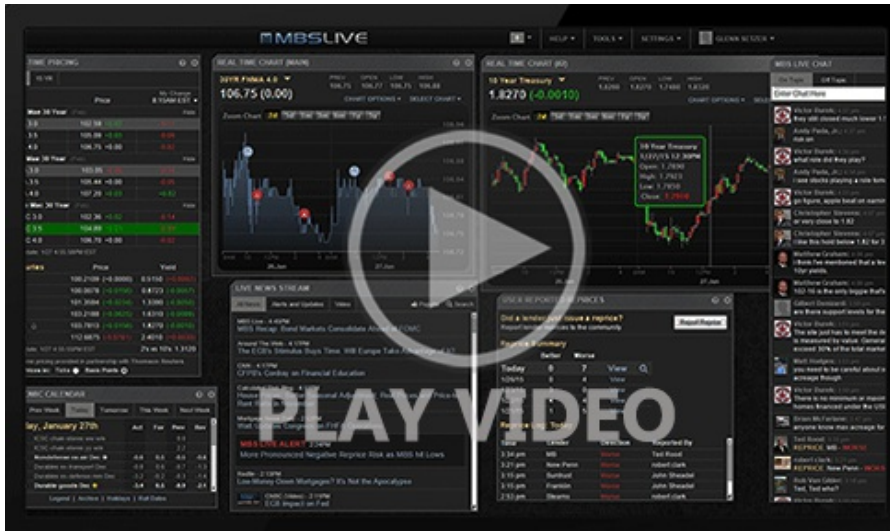


Bonds End at Strongest Levels

MBS Recap | Matthew Graham | 4:37 PM

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

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

01:28 PM

01:58 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

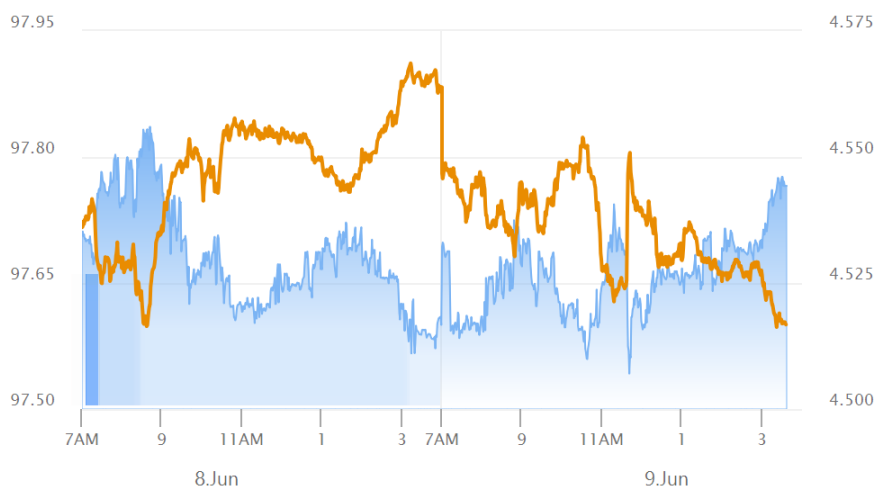
Lock / Float Considerations

- 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.

Technicals/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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