

MBS & TREASURY MARKETS

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MBS Recap: Big Rally After More Forceful Peace Deal Announcement



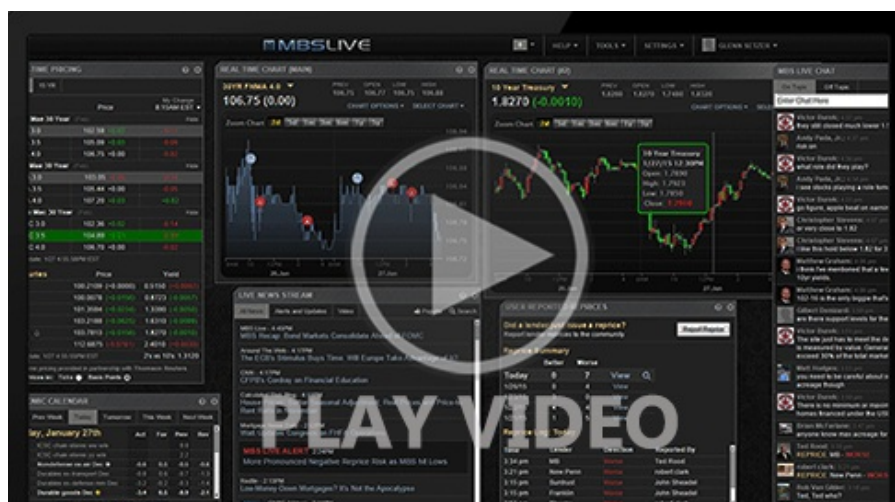
Nick Hunter
President, Owner, River City Mortgage, LLC
www.rchomeloans.com



Big Rally After More Forceful Peace Deal Announcement

MBS Recap | Matthew Graham | 4:38 PM

This morning's commentary noted Trump comments regarding planned air strikes for today. Bonds reacted, but maintained some skepticism. That proved to be a good instinct. At roughly 1:30pm, Trump said the air strikes were cancelled and that all parties had agreed on a deal, and that a time/place for signing would be announced shortly. There wasn't as much push back against those claims by foreign sources as we've often seen in response to similar claims of deals being reached. Stocks surged. Oil plummeted. 10yr yields dropped another 8bps for a total of more than 10 on the day. Almost every lender repriced by a healthy amount. Now we wait for whammies or no whammies.



Alert

8:36 AM Bonds Losing Ground After PPI and War Headlines

MBS Morning

9:44 AM Some Volatility and Resilience After Trump Comments and Data

Alert

1:07 PM MBS Down Just Over an Eighth From Highs

Update

1:34 PM Bonds Surge to Best Levels After Air Strikes Called Off

4:12 PM

Econ Data / Events

- ○ Continued Claims (May)/30
 - 1,795K vs 1780K fcast, 1777K prev
- Core PPI m/m (May)
 - 0.4% vs 0.5% fcast, 1% prev
- Core PPI y/y (May)
 - 4.9% vs 5.4% fcast, 5.2% prev
- Jobless Claims (Jun)/06
 - 229K vs 219K fcast, 225K prev
- PPI m/m (May)
 - 1.1% vs 0.7% fcast, 1.4% prev
- PPI y/y (May)
 - 6.5% vs 6.4% fcast, 6% prev

Market Movement Recap

- 08:45 AM Initially weaker after PPI and war headlines, but finding some footing. MBS up an eighth and 10yr down 2.8bps at 4.527
- 01:03 PM MBS up 2 ticks (.06) and 10yr down 1.7bps at 4.537. Weakest levels since this morning

01:51 PM MBS up half a point and 10yr down 8.2bps at 4.472

03:24 PM MBS up 5/8ths. 10yr down 10.2bps at 4.453

Lock / Float Considerations

- 6/11/26 - Fresh evidence of the ongoing relevance of war headlines. Today's were bigger than most. The question is whether it sticks. There's certainly potential for a correction if today's promised deal falls apart. Conversely, there's potential for meaningful additional improvement if the deal is signed. In this sense, today's forward guidance is the same as any other recent day. The only difference is that from a technical standpoint, we now have a better show of support after flirting with Monday's weakest levels all week.

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	4.459%	-0.096%
2 YR	4.060%	-0.089%
30 YR	4.954%	-0.076%
5 YR	4.180%	-0.094%

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