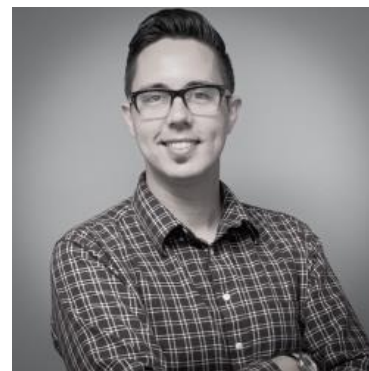


MBS & TREASURY MARKETS

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MBS Recap: Gradual Selling Leaves Bonds Only Slightly Stronger.



Mike Hardy

Broker | Owner, True North Lending

www.TrueNorthLender.com

M: (562) 370-0544

mike@truenorthlender.com

6621 E. Pacific Coast Highway
Suite 155

Long Beach CA 90803

NMLS #1175689

DRE #01326046

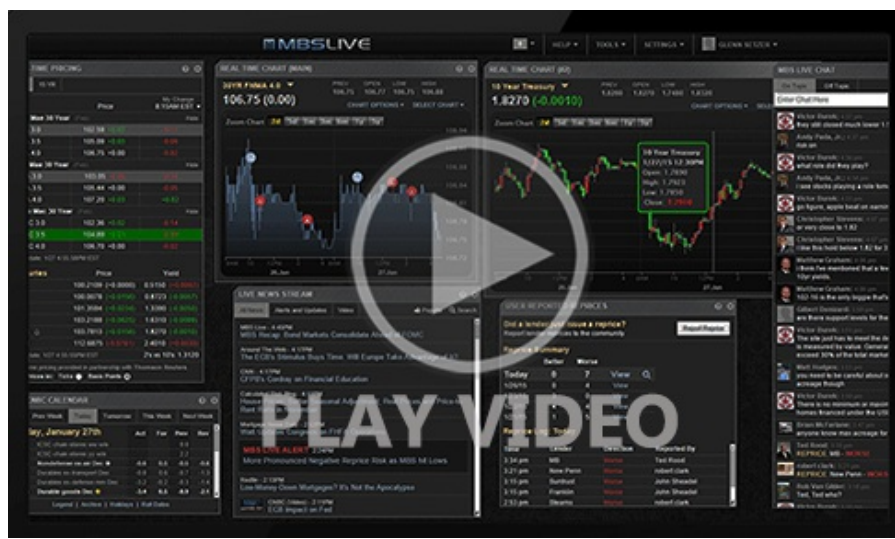
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Gradual Selling Leaves Bonds Only Slightly Stronger.

MBS Recap | Matthew Graham | 4:14 PM

With both sides signing the peace memo, the market was immediately willing to react in the overnight session, but that reaction fell short of what we might expect for an official peace deal. This is a bond market problem more than an Iran war problem. Case in point, oil prices stayed flat after their big overnight drop. Stocks added to strong overnight gains. Bonds were the odd man out. Part of the reason is that bonds did more than stocks to get in position for this eventuality last week. As of today, both the S&P and 10yr are close enough to the best recent levels to say the overall market reaction has been fairly even keeled. We'd also expect more bullishness among bond traders when the deal is officially official (possibly after Friday's scheduled meeting in Switzerland). Finally, bonds could be holding back a bit to see how Wednesday's Fed announcement goes.



Watch the Video

MBS Morning

10:07 AM Near Best Levels in a Month as Peace Deal Materializes

Alert

1:03 PM Down More Than an Eighth From Highs

4:00 PM

Econ Data / Events

- ○ NY Fed Manufacturing (Jun)
 - 5.70 vs 14 f'cast, 19.60 prev
- Industrial Production (May)
 - 0.1% vs 0.3% f'cast, 0.7% prev

Market Movement Recap

- 08:49 AM Nice rally overnight on confirmation of U.S./Iran peace deal with scheduled signing. MBS up nearly a quarter point and 10yr down 3.3 bps at 4.452
- 12:35 PM MBS still up 7 ticks (.22) and 10yr down 2.4bps at 4.461
- 03:21 PM MBS up 5 ticks (.16) and 10yr down 2.2bps at 4.463

Lock / Float Considerations

- 6/15/26 - Despite the initial signing of the peace deal, some uncertainties remain between now and Friday's formal meeting. This has pros and cons. On the downside, it means there's a risk that the deal is called into question and that rates move higher. On the upside, it means there's probably more improvement in store when things become officially official. For now, lock/float risks remain broadly balanced. We'd feel more defensive if Friday's high yields are broken or if yields make a run at 4.42% and bounce hard.

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	+

US Treasuries

10 YR	4.474%	-0.011%
2 YR	4.071%	-0.015%
30 YR	4.977%	+0.006%
5 YR	4.191%	-0.018%

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