



## MBS Recap: Gradual Selling Leaves Bonds Only Slightly Stronger.



**Dale Walker**  
Mortgage Advisor, C2  
Financial  
**P:** (949) 632-1828  
**M:** (949) 632-1828  
dwalker@c2financial.com  
12230 El Camino Real  
San Diego CA 92130  
NMLS # 241463, CADRE #  
01491223  
C2 NMLS# 135622, C2 CADRE#  
01821025



## 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.





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.

## Technicals/Trends in 10yr (why 10yr)

### - Ceiling/Support (can be used as "lock triggers")

- 4.80
- 4.72
- 4.66
- 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	4.474%	-0.011%
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10 YR	4.171%	-0.011%
2 YR	4.071%	-0.015%
30 YR	4.977%	+0.006%
5 YR	4.191%	-0.018%

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