MBS Recap: Decent Gains, But Some Signs of Resistance

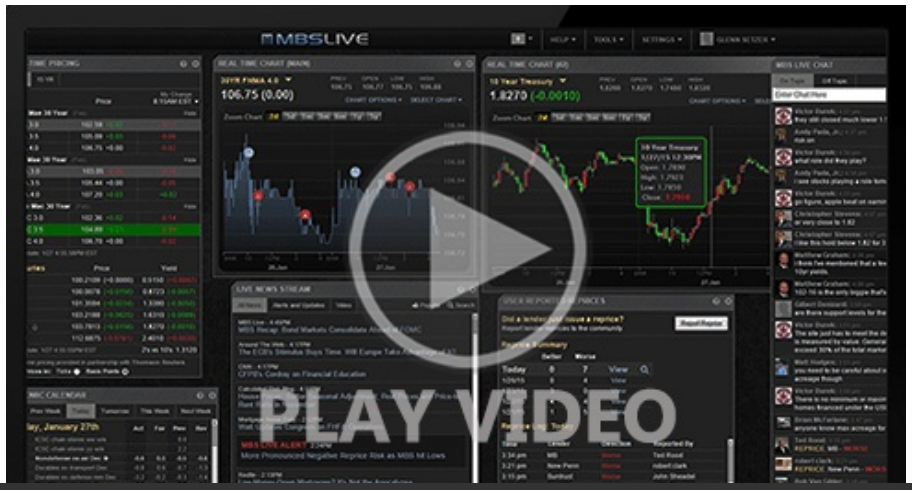
HappyDog

Chris Kobz
Founder, HappyDog Home Loans
HappyDog.com
P: (530) 624-5388
chris@happydog.com
300 Salem Street
Chico Ca 95928
208371

Decent Gains, But Some Signs of Resistance

MBS Recap Matthew Graham | 4:23 PM

Bonds improved overnight at the start of European trading and made additional gains in concert with lower oil prices during the domestic session. Notably, the gains met resistance at 4.42%--a resistance level that's been on our radar since the last bounce a few weeks ago. Technical levels certainly don't predict the future, but they can provide a framework for measuring the pace of change in trading levels. If bonds are weaker in the morning, it would act as confirmation that the initial response to the Iran peace deal has played out. In addition, there's potential volatility surrounding the Fed announcement, almost exclusively reserved for feeling out any visible shifts from new Fed Chair Kevin Warsh.



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Watch the Video

MBS Morning

11:55 AM Stronger Overnight as Europe Trades Peace

4:08 PM

Econ Data / Events

- ADP Employment Change Weekly
  - 25.5K vs -- f'cast, 29K prev
- Building Permits (May)
  - 1.413M vs 1.42M f'cast, 1.423M prev
- Housing starts number mm (May)
  - 1.177M vs 1.43M f'cast, 1.465M prev
- Import prices mm (May)
  - 1.9% vs 1.0% f'cast, 1.9% prev

Market Movement Recap

08:52 AM Stronger overnight as Europe trades the peace deal. MBS up 6 ticks (.19) and 10yr down 4bps at 4.438

11:55 AM Best levels. MBS up 6 ticks (.19) and 10yr down 5bps at 4.428

03:03 PM MBS up 10 ticks (.31) and 10yr down 5.3bps at 4.425

Lock / Float Considerations

- 6/16/26 - From a technical standpoint, there's some suggestion of caution after 10yr yields hit the 4.42% floor today and bounced incessantly before ultimately heading slightly higher in the afternoon. Anyone who'd been floating with a 4.57% lock trigger/ceiling would be inclined to adopt a more defensive stance until and unless 4.42% is definitively broken.

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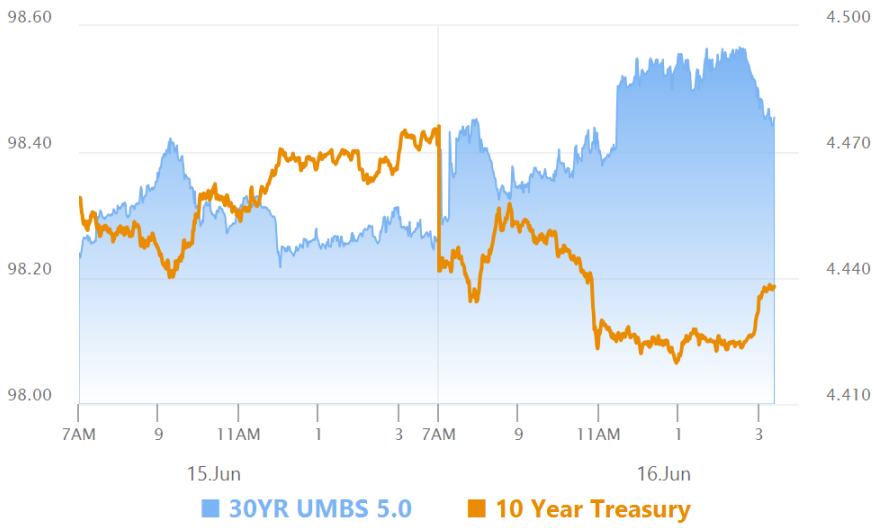
Technicals/Trends in 10yr (why 10yr)

- 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	4.438%	-0.039%
2 YR	4.056%	-0.017%
30 YR	4.940%	-0.038%
5 YR	4.162%	-0.031%

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