

MBS & TREASURY MARKETS

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MBS Recap: What's Up With Bonds Decoupling From Oil, Etc.?



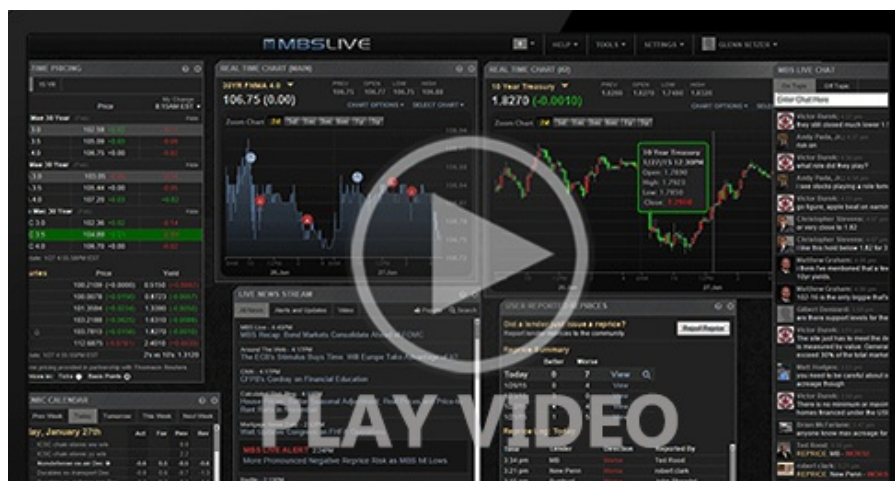
KV Mortgage



What's Up With Bonds Decoupling From Oil, Etc.?

MBS Recap | Matthew Graham | 4:48 PM

On the average trading day in the past few months, if oil prices were down, and especially if other bond markets were rallying, U.S. bonds were probably rallying too. Today was the opposite and there are no glaringly obvious reasons. It's the sort of trading session where analysts must go hunting for narratives to fit the unexpected trading action. The quarry of such hunts is fairly limited. There's the notion of an "ongoing reaction to last week's Fed announcement" (which we don't love considering there was already a friendly bounce on Thursday) and from there things get even less concrete, though not necessarily wrong. The upcoming Treasury auction cycle could indeed be causing some hesitation to buy at the start of the week. There's also some buzz surrounding military re-provisioning, which continues to imply ever-higher government debt issuance (a double whammy on auction week). Either way, the recent range remained easily intact, so while it's a bummer for today, it's not exactly an emergency.



MBS Morning

9:59 AM Bonds Starting Weaker Despite Lower Oil and EU Bond Recovery

4:20 PM

Market Movement Recap

- 08:51 AM Weaker over the weekend. MBS down 6 ticks (.19) and 10yr up 3.8bps at 4.493
- 12:23 PM MBS down a quarter point and 10yr up 5.3bps at 4.508
- 03:41 PM MBS down 7 ticks (.22) and 10yr up 5.2bps at 4.508

Lock / Float Considerations

- 6/18/26 -Notable bond-specific weakness to start the new week... Notable disconnect from related assets and other markets... Notable ongoing unwillingness to challenge key technical floors... All of this reinvigorates the "bearish until proven bullish" read of prevailing momentum and lock/float sentiment.

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

- 30YR UMBS 5.0
- 30YR UMBS 5.5
- 30YR GNMA 5.0
- 15YR UMBS-15 5.0

US Treasuries

10 YR	4.508%	+0.053%
2 YR	4.232%	+0.054%
30 YR	4.944%	+0.049%
5 YR	4.290%	+0.056%

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