

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

A message from Marc Erickson:

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MBS Recap: Bonds Find Some Solace in Warsh Despite a Bit More Selling



Marc Erickson

Mortgage Guide, Excel
Financial Group, LLC

www.themortgagemarc.com

P: (720) 295-0704

M: (720) 295-0704

123 N College Avenue
Fort Collins CO 80524
1245157



Ehric Wolfe

REALTOR®, Coldwell
Banker Realty

www.coloradowolfehomes.com

P: (970) 691-5299

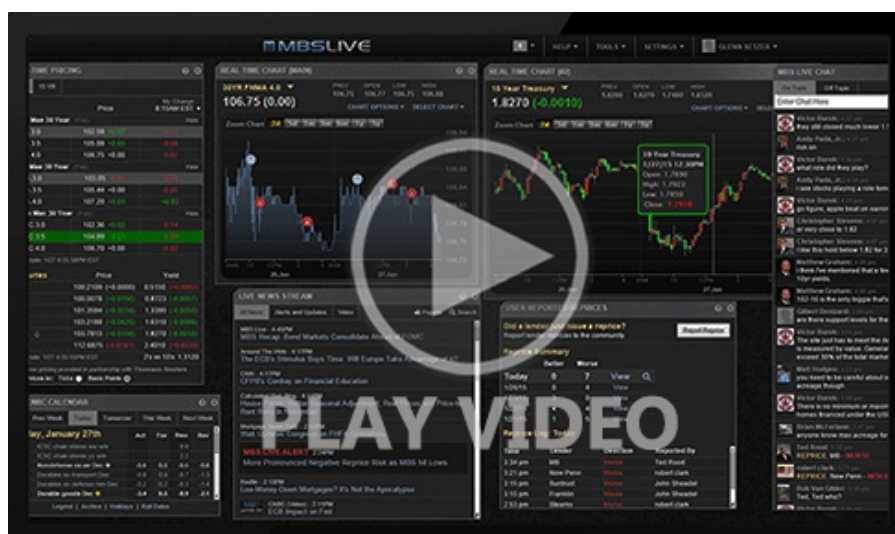
ehric@coloradowolfehomes.com

3665 John F Kennedy Parkway
Fort Collins CO 80525



Bonds Find Some Solace in Warsh Despite a Bit More Selling

The past 2 days have been rough for the bond market--nothing catastrophic, but "brisk" in terms of unexpected selling pressure. To be fair, buying/selling pressure is never truly expected (otherwise, why wait to trade it?), and higher volatility was definitely a risk surrounding quarter-end and the data calendar. Today could have been worse, but the market found some solace in this morning's Warsh comments the ECB SINTRA conference. Warsh stuck to the "no forward guidance" script but managed to offer some in a roundabout way by saying inflation risks have come down and that he was open to different views on the Fed's balance sheet size. While not true forward guidance, it was a net-dovish message that the market reacted to. Shorter-term debt did best, but 10yr yields are ending up about 2bps lower than they were before Warsh.



Watch the Video

MBS Morning

9:28 AM Tuesday Sell-Off Sticking; Warsh and ISM On Deck

Alert

3:22 PM Down Just Over an Eighth From The Highs

3:29 PM

Econ Data / Events

- ○ ADP jobs (Jun)
 - 98K vs 113K f'cast, 122K prev
- ISM Manufacturing
 - 53.3 vs 54.0 f'cast

Market Movement Recap

- 08:43 AM Selling continues this morning. MBS down an eighth and 10yr up 2.7bps at 4.49.
- 09:51 AM Off the weakest levels. MBS unchanged and 10yr nearly unchanged at 4.467
- 01:53 PM MBS up 2 ticks (.06) and 10yr down 0.2bps at 4.463
- 03:23 PM MBS down 2 ticks (.06) and 10yr up 1.3bps at 4.479

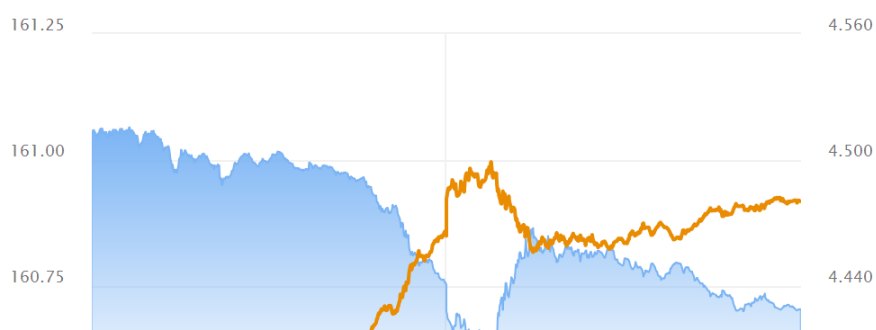
Lock / Float Considerations

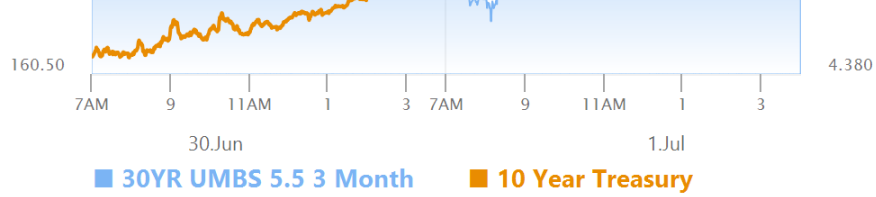
- 7/1/26 - The technical bounce at 4.36% (10yr yield) combined with higher risk calendar and lower holiday-week participation argue in favor of a more defensive stance until further notice.

Technical/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.59
 - o 4.51
 - o 4.42
- Floor/Resistance
 - o 4.19
 - o 4.28
 - o 4.34
 - o 4.36

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	4.477%	+0.012%
2 YR	4.171%	-0.005%
30 YR	4.968%	+0.006%
5 YR	4.236%	+0.007%

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