MBS Recap: More War-Related Weakness, But With a Supportive Bounce

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MBS Recap Matthew Graham | 3:49 PM

Bonds officially closed at the highest yields in more than a month. At one point just before the noon hour, the 10yr was just over 4.59, but ultimately moved back to 4.56. That's only about 1bp higher than yesterday's latest levels (which feels like a win compared to the mid-day trend). Oil prices and bond yields remain in a tight correlation, and once again, war-related headlines set the tone. The most notable among them was a Trump comment regarding the ceasefire being cancelled/over. As was frequently the case in the run-up to the signing of the MOU, it's hard to know which comments represent "tough talk" as opposed to legitimate shifts in policy and military activity. Trading levels reflect the same uncertainty (i.e. oil/yields are certainly higher, but also not nearly as high as they were in May).

Watch the Video

MBS Morning

9:27 AM Only Modestly Weaker After Trump Says Ceasefire is Over

Alert

10:44 AM Steady Selling; New Lows, But Limited Reprice Risk For Now

3:15 PM

Market Movement Recap

08:46 AM Weaker overnight after Trump says ceasefire is over. But not much weaker. MBS down 3 ticks (.09) and 10yr up less than 1bp at 4.561

10:44 AM MBS down a quarter point and 10yr up 3.4bps at 4.586

01:22 PM

01:22 PM No major reaction to 10yr auction. MBS down 6 ticks (.19) and 10yr up 2.5 bps at 4.577

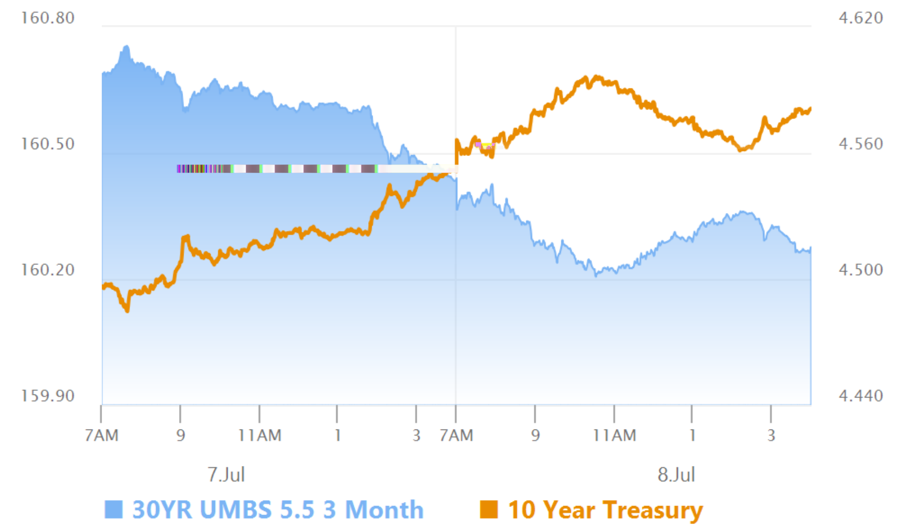
Lock / Float Considerations

- 7/8/26 - Successful defense of the 4.59% technical level may offer some hope for the most risk-tolerant clients. Everyone else remains in a defensive stance until the most recent uptrend in rates finds clear support.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.59
  - 4.51
  - 4.42
- Floor/Resistance
  - 4.19
  - 4.28
  - 4.34
  - 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	4.577%	+0.025%
2 YR	4.211%	+0.022%
30 YR	5.073%	+0.020%
5 YR	4.319%	+0.031%

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