MBS & TREASURY MARKETS

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A message from James Branden:

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The Day Ahead: Bearish Breakout For All The Normal Reasons

Welcome to post-Iran-War 2026. The only real relief for bonds since then was seen in June when there was hope that the war was over or at least winding down. Gas prices are back to multi-year highs. Inflation fears are back at the forefront. Even the ECB is flagging rate hike risks that could play out by the end of the year. This morning is seeing more of the same in terms of another pop in oil prices push yields higher overnight followed by additional selling in early domestic trading. Technicals could be adding emphasis given the breakout of various support levels. The ECB announcement didn't help, but Treasuries are underperforming EU bonds, so it doesn't deserve credit for any additional selling momentum. At the risk of oversimplifying, nothing tells the story better than 2yr Treasuries right now. They convey a slow-motion train wreck playing out since March and while today may be just a bit more brisk than average, it's just another day in post-Iran-war 2026.


10 Year Treasury O4.696 H4.713 L4.693 C4.708
breakout
breakout
10 YR
4.750
4.700
4.650
4.600
4.550
4.500
4.450
4.400
4.350
4.300
4.250
4.200
Apr 26
May 26
Jun 26
Aug 26
Aug 26