

MBS & TREASURY MARKETS

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MBS Recap: Giving Peace (And Bonds?) a Chance



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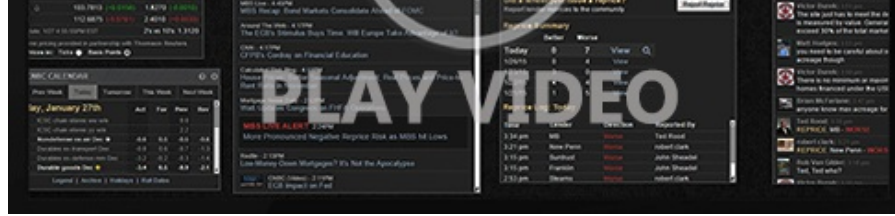


Giving Peace (And Bonds?) a Chance

MBS Recap | Matthew Graham | 4:04 PM

Granted, it may be far less promising than some of the more conclusive headlines that led up to previous ceasefires and peace memos, but Tuesday delivered at least a modicum of hope that war sentiment is shifting. In not so many words, an Israeli media outlet reported that U.S./Iran mediators are getting closer to re-implementing the previous memo of understanding that paved the way toward more permanent peace. Markets take this with a grain of salt for obvious reasons, but it was enough to lift stocks and cause a small-but-quick drop in oil prices and bond yields. There were no other major market movers in play.





Watch the Video

MBS Morning

9:28 AM Another Slightly Stronger Start

Econ Data / Events

- ○ Case Shiller Home Prices-20 y/y (May)
 - 1.6% vs 1.3% f'cast, 1.1% prev
- CaseShiller 20 mm nsa (May)
 - 0.9% vs -- f'cast, 1% prev
- FHFA Home Price Index m/m (May)
 - 0.3% vs 0.2% f'cast, -0.1% prev
- FHFA Home Prices y/y (May)
 - 2.2% vs -- f'cast, 2% prev

Market Movement Recap

- 09:05 AM Slightly stronger start. MBS up 3 ticks (.09) and 10yr down 2.5bps at 4.63
- 10:17 AM Gaining ground as stocks sell. MBS up 5 ticks (.16) and 10yr down 4.1bps at 4.613
- 01:36 PM Off best levels, but still much stronger. MBS up 9 ticks (.28) and 10yr down 5.5bps at 4.599
- 03:41 PM Holding most of the rally after hours. MBS up a quarter point and 10yr down 5.2bps at 4.603

Lock / Float Considerations

- 7/28/26 - More improvement in oil prices and bonds. More re-entry into prevailing trend channel, but not a huge desire for rate sheets to follow the gains. This creates a bit of asymmetric opportunity in favor of floaters heading into Fed day. That said, lenders don't tend to aggressively price in gains on a Fed morning (knowing that the afternoon could be quite volatile). Whatever you decide, keep that

red morning (knowing that the afternoon could be quite volatile). Whatever you decide, keep that potential afternoon volatility in mind.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.80
 - o 4.71
- Floor/Resistance
 - o 4.42
 - o 4.54
 - o 4.62

MBS & Treasury Markets



MBS

30YR UMBS 5.5	+
30YR UMBS 6.0	+
30YR GNMA 5.5	+
15YR UMBS-15 5.0	+

US Treasuries

10 YR	4.599%	-0.055%
2 YR	4.275%	-0.048%
30 YR	5.089%	-0.049%
5 YR	4.359%	-0.048%

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