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

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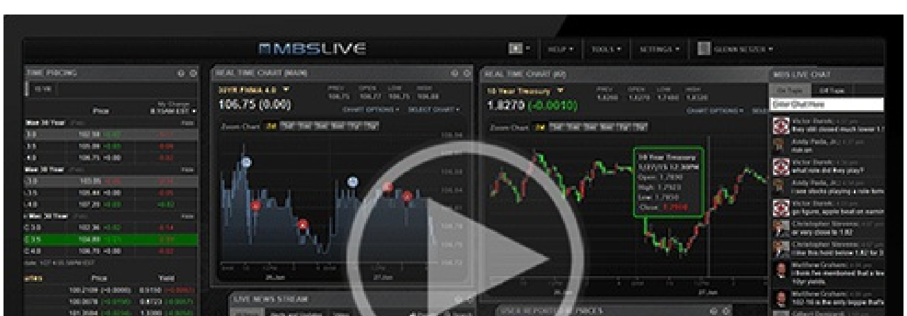
Giving Peace (And Bonds?) a Chance

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 potential afternoon volatility in mind.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.80
  - 4.71

- Floor/Resistance
  - 4.42
  - 4.54
  - 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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