MBS Recap: Sideways and Stronger, But Risks Remain

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Sideways and Stronger, But Risks Remain

MBS Recap Matthew Graham | 3:51 PM

Monday was "nice." Bonds rallied more than a little bit and held those gains in an exceptionally flat manner all day. But there are caveats. Apart from last Friday, today's yields matched the long-term highs seen on July 23rd. Or on a more timely note, the rally didn't fully erase Friday's weakness. Additionally, strength was not a given. It required a fairly substantial drop in oil prices stepping from a fresh round Iran war optimism. This as been a fickle friend to say the least, though we'll never turn down the visit. Ample past precedent is a reminder that things can change quickly with respect to geopolitics. Last but not least, while econ data had no lasting impact today, Friday's jobs report is on another level.

Watch the Video

MBS Morning

10:25 AM Stronger Start on Iran News, Stronger Data Taken in Stride

3:42 PM

Market Movement Recap

09:50 AM Stronger overnight on war-related de-escalation and lower fuel prices. MBS up 9 ticks (.28) and 10yr down 4.6bps at 4.689

12:03 PM MBS still up 9 ticks (.28) and 10yr down 5bps at 4.686

02:37 PM Super flat. MBS still up 9 ticks (.28) and 10yr down 4.8bps at 4.687

Lock / Float Considerations

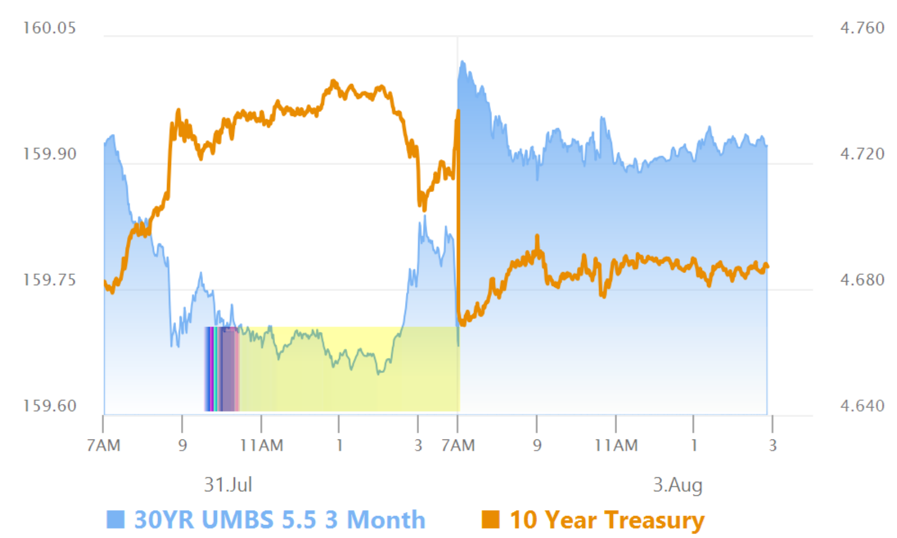
Lock / Float Considerations

- 8/3/26 - Stronger bonds thanks to stronger oil. Luck of the draw more than new, organic rally momentum. Broader trend remains decisively bearish (i.e. higher in rate), but with the past 2 weeks both seeing higher rates, there's an opportunity for technical correction as long as econ data doesn't argue against it. Of course Iran/oil remain central to bond market motivations as well.

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	4.687%	-0.048%
2 YR	4.254%	-0.040%
30 YR	5.231%	-0.047%
5 YR	4.400%	-0.048%

5 YR	4.400%	-0.048%

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