

MBS & TREASURY MARKETS

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MBS Recap: Sideways and Stronger, But Risks Remain



Brandon Snider

Loan Officer, Maven
Mortgage

M: (256) 694-7514

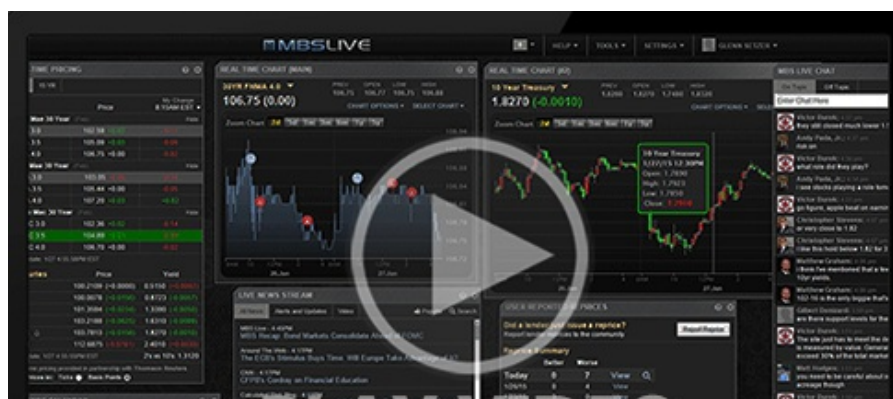
105 1st Ave NE
Cullman AL 35055
181033



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.





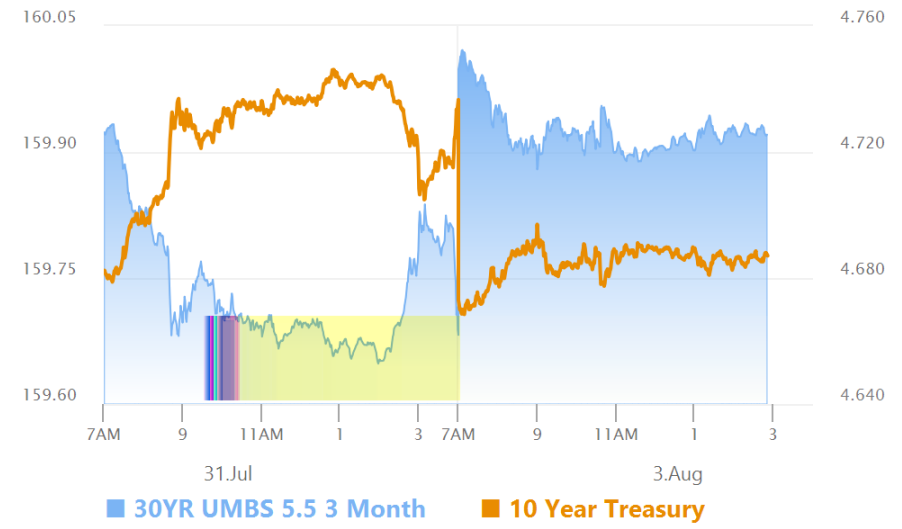
10:25 AM Stronger Start on Iran News, Stronger Data Taken in Stride

3:42 PM

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

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.

- 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

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%

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