MBS Recap: Solid Showing For Logical Reasons

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Solid Showing For Logical Reasons

MBS Recap Matthew Graham | 3:28 PM

Money flooded back into both sides of the market in a major way (albeit more "major" for the stock market) after Bessent said we could be days away from a new deal on Hormuz transit. Oil plunged to the lowest levels since July 13th and bond yields were willing to follow (also nearly back to 7/13 levels). MBS picked up more than quarter point and multiple lenders repriced for the better as the gains came in waves throughout the morning trading hours. Familiar risks remain. We've seen plenty of back and forth on the state of the war, but we can say the market seemed more willing than normal to buy into this latest pivot. Beyond that, econ data is a factor this week for bonds with ISM Services on Wednesday and the jobs report on Friday. Dare we say that the jobs report is likely not quite as big of a risk/opportunity as ongoing oil price volatility? We'll let you know on Friday around 8:40am ET.

Watch the Video

MBS Morning

9:39 AM Hormuz Deal Hopes Turning Bonds Green at Open

3:11 PM

Econ Data / Events

- JOLTS Job openings
    - 7.359m vs 7.400m f'cast, 7.537m prev

Market Movement Recap

08:56 AM Stronger start as Bessent floats notion of Hormuz deal this week. Oil and bond yields down. MBS up an eighth and 10yr down 1.5bps at 4.66 (down almost 5bps from overnight highs).

12:18 PM MBS up 11 ticks (.31) and 10yr down 5bps at 4.624

03:10 PM MBS still up 11 ticks (.31) and 10yr down 5.3bps at 4.621

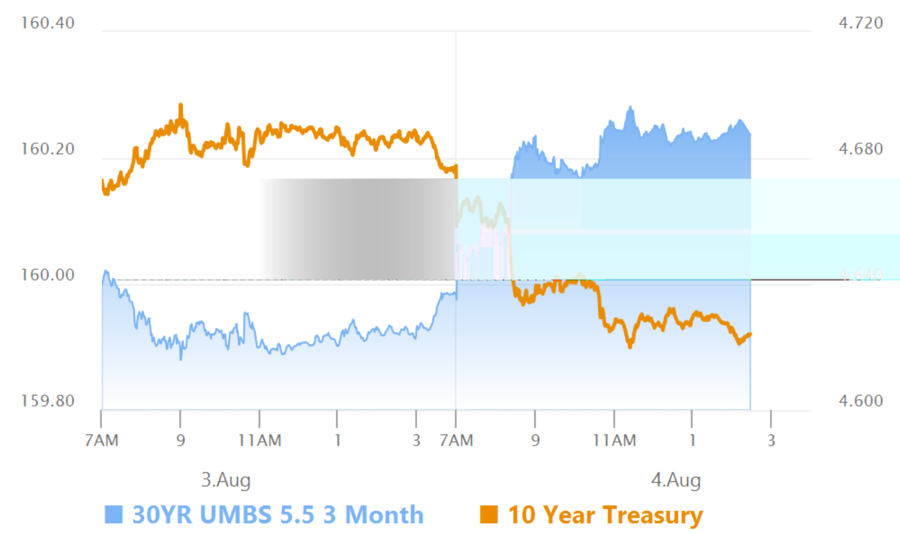
Lock / Float Considerations

- 8/4/26 - We're now seeing the sort of technical bounce in bonds that one hopes to see when yields test a technical ceiling. Unfortunately for technicians, it's happening for fundamental reasons (still... technicians don't care because "price discounts everything"). Why bring it up? The coincidence of a solid technical and fundamental bounce is one of the more reassuring cues we've had in the past few weeks. Just remember it can turn on a dime if Iran-related hopes unravel or if the jobs report manages to trounce expectations.

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	4.623%	-0.051%
2 YR	4.195%	-0.047%

2 YR	[illegible]	[illegible]
30 YR	5.185%	-0.043%
5 YR	4.332%	-0.059%

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