

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Solid Data-Driven Gains



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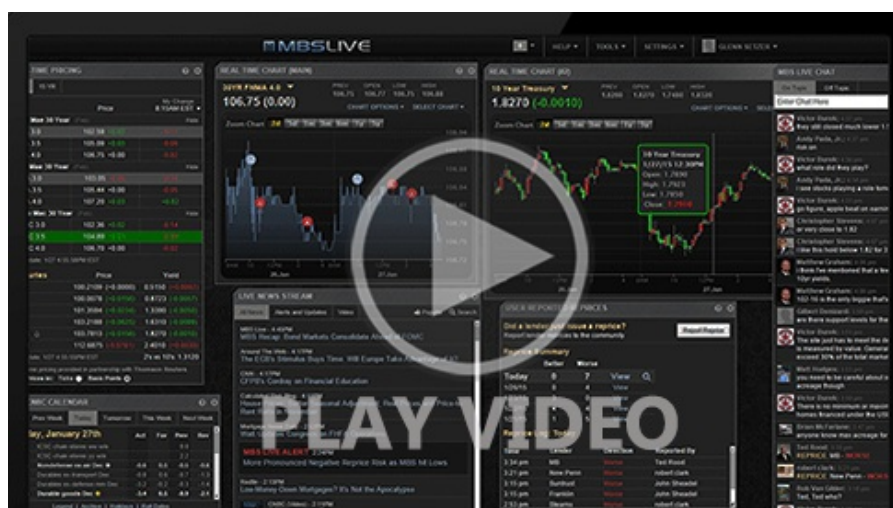
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Solid Data-Driven Gains

MBS Recap | Matthew Graham | 5:09 PM

Thursday was a fairly straightforward session for bonds. Yields fell modestly overnight in response to slightly lower oil prices and then more forcefully after the cooler-than-expected PPI data. Mid-day fuel price volatility caused a slight pull-back, but not enough to undo a reasonably robust rally by the close. If there's a "yeah but," it's that yields remain broadly sideways near long-term highs and were unable to challenge last week's lows.



MBS Morning

9:51 AM Thank You PPI

Alert

1:13 PM MBS Down 6 Ticks (.19) From Highs

4:34 PM

Econ Data / Events

- ○ Core PPI m/m (Jul)
 - 0.2% vs 0.3% f'cast, 0.2% prev
- Core PPI y/y (Jul)
 - 4.2% vs 4.2% f'cast, 4.7% prev
- Jobless Claims (Aug)/08
 - 209K vs 202K f'cast, 199K prev
- PPI m/m (Jul)
 - -- vs 0.2% f'cast, -0.3% prev
- PPI y/y (Jul)
 - 4.7% vs 4.9% f'cast, 5.5% prev

Market Movement Recap

- 08:36 AM Moderately stronger overnight and no whammies after PPI. MBS up an eighth and 10yr down 3bps at 4.666
- 12:55 PM Off best levels, but still up 10 ticks (.31) in MBS, and 10yr down 5.3bps at 4.644
- 03:55 PM flat this afternoon. MBS up 10 ticks (.31) and 10yr down 5.3bps at 4.643

Lock / Float Considerations

- 8/13/26 - Lowest rates in nearly 4 weeks = always a compelling lock opportunity for risk-averse clients. That said, decent inflation data, the passing of the Treasury auction cycle, and overhead technical

That said, decent inflation data, the passing of the Treasury auction cycle, and overhead technical support for Treasury yields presents a similarly compelling opportunity for the risk-tolerant crowd. From technical standpoint, the risk is the trend of higher lows since July 29th with today representing another bounce.

Technical/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	4.639%	-0.057%
2 YR	4.147%	-0.052%
30 YR	5.214%	-0.046%
5 YR	4.318%	-0.061%

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