

# MBS & TREASURY MARKETS

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## MBS Recap: Solid Data-Driven Gains



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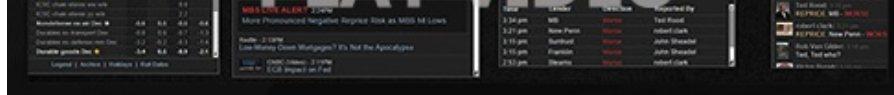


## Solid Data-Driven Gains

**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.





## Watch the Video

### 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 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.

## Technicals/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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