

MBS & TREASURY MARKETS

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MBS Recap: AM Rally Ultimately Sticks With Help From Oil

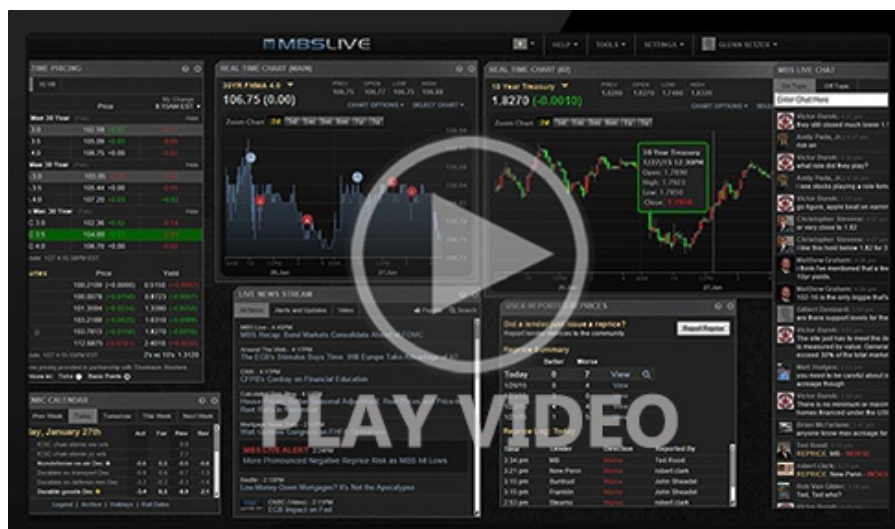


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AM Rally Ultimately Sticks With Help From Oil

MBS Recap | Matthew Graham | 4:16 PM

To be clear, most of today's rally is attributable to the news on the Treasury buyback program discussed in the morning commentary. Today's consumer rate commentary also has a useful set of bullet points to recap the changes. Ultimately, the buyback news simply meant that the shortest-term debt suffered at the expense of longer-term debt. To put this in perspective, consider that 30yr yields are almost 10bps lower than they were at the open whereas 2yr yields are actually a few bps higher. If today's news was truly akin to QE or any sort of accommodation goal, we would not be seeing such trade-offs in the yield curve. Last but not least, oil prices made a round trip today from the lows of the day this morning at 8:35am to highs at 1pm and back down near the lows by the close. That ebb and flow coincided with intraday bond market volatility almost perfectly.



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MBS Morning

10:21 AM Bonds Rally After Treasury Buyback Announcement (NOT QE)

Alert

1:17 PM MBS Down More Than an Eighth From Highs

3:58 PM

Market Movement Recap

- 09:29 AM sharp gains after TSY buyback announcement. 10yr down 6.2bps at 4.643 and MBS up a quarter point.
- 11:59 AM Off the best levels. MBS up 6 ticks (.19) and 10yr down 5.4bps at 4.652
- 01:18 PM MBS up 3 ticks (.09) and 10yr down 2.9bps at 4.677
- 03:55 PM Back at stronger levels. MBS up 9 ticks (.28) and 10yr down 6.2bps at 4.644

Lock / Float Considerations

- 8/19/26 -The Treasury buyback update doesn't materially change lock/float considerations even though it provided an unexpected boost today. Fuel price volatility remains a constant risk/opportunity-- especially with econ data being very light this week.

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

30YR UMBS 5.5	+
30YR UMBS 6.0	+
30YR GNMA 5.5	+
15YR UMBS-15 5.0	+

US Treasuries

10 YR	4.639%	-0.067%
2 YR	4.167%	+0.002%
30 YR	5.184%	-0.098%
5 YR	4.339%	-0.019%

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