MBS Recap: Tune Out The Noise

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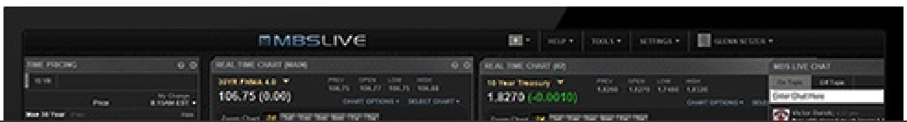
Tune Out The Noise

MBS Recap Matthew Graham | 5:08 PM

Yesterday's Treasury buyback announcement and today's comments from Bessent make for good drama in financial news, but the actual market impact had run its course within minutes of the initial announcement and we haven't seen solid evidence that the market has continued to care. Rather, the ample evidence is that an overnight oil price spike pushed bond yields higher. Peaks and valleys aligned perfectly. Elevated corporate issuance lingers constantly in the background causing broad elevation in bonds, but not much of an intraday impulse (even after an afternoon announcement of a big Broadcom bond offering in the pipeline).



Watch the Video

MBS Morning

9:34 AM Back on The Pain Wagon (Which Runs on Oil)

4:51 PM

Econ Data / Events

- Continued Claims (Aug)/08
  - 1799.0K vs 1790K f'cast, 1777K prev
- Jobless Claims (Aug)/15
  - 206.0K vs 210K f'cast, 209K prev
- Philly Fed Business Index (Aug)
  - 47.4 vs 25 f'cast, 41.4 prev

Market Movement Recap

08:52 AM Weaker overnight. 10yr up 4.5bps at 4.691 and MBS down just over a quarter point.

10:52 AM MBS down 7 ticks (.22) and 10yr up 4.4bps at 4.69

03:07 PM MBS down 9 ticks (.28) and 10yr up 4.7bps at 4.693

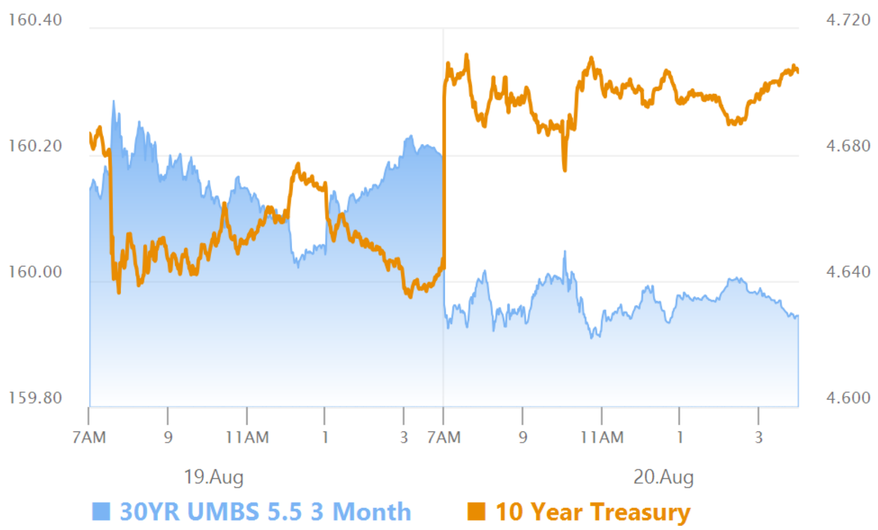
Lock / Float Considerations

- 8/20/26 - As we warned yesterday, ignore the noise on Treasury buyback drama and focus on the stuff that's actually mattered, chiefly, fuel prices. An overnight spike in oil served as a good reminder as bond that's actually mattered: chiefly, fuel prices. An overnight spike in oil served as a good reminder as bond yields followed the timing to the minute. Lock/float risk remains higher than normal as long as each new day brings another coin flip on the fate of the war and fuel prices.

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	4.702%	+0.056%
2 YR	4.194%	+0.029%
30 YR	5.249%	+0.056%
5 YR	4.383%	+0.040%

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