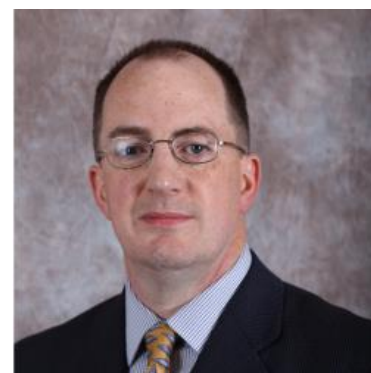


MBS & TREASURY MARKETS

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MBS Recap: Incidental Weakness. Bigger Considerations on The Horizon



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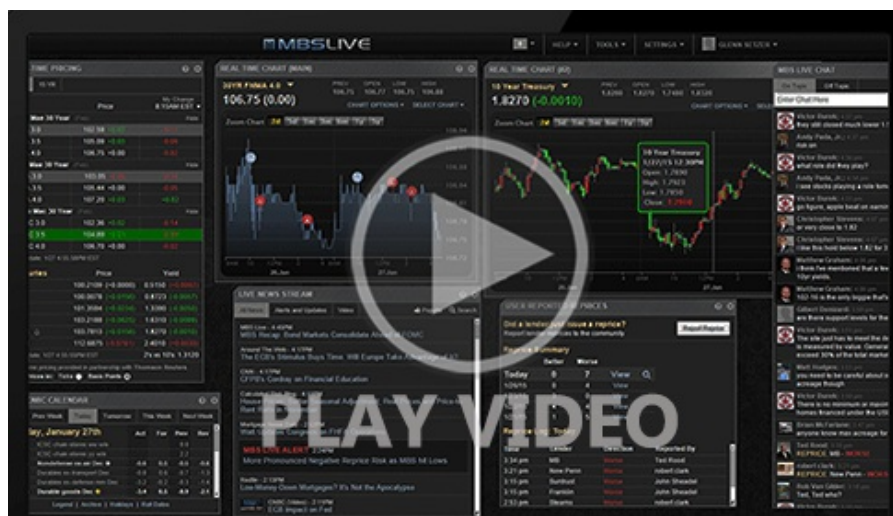
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Incidental Weakness. Bigger Considerations on The Horizon

MBS Recap | Matthew Graham | 3:34 PM

Without any data or compelling market movers, bonds came into the day light on inspiration. Low volume/liquidity left the door open for any determined traders to have a bigger-than-normal influence on the market. That arguably happened between 9am and 10:30am ET with both stocks and bonds losing ground simultaneously. This coincided perfectly with an uptick in Fed rate hike expectations seen via near-term Fed Funds Futures. There are bigger fish to fry in the coming week with a more robust econ calendar and the Fed's Jackson Hole conference.



MBS Morning

9:29 AM Summertime Data-Free Friday Mystery Box

Alert

10:34 AM MBS Down an Eighth

Alert

1:52 PM Slightly More Reprice Risk

2:45 PM

Market Movement Recap

08:34 AM Sideways to slightly stronger overnight. MBS up 1 tick (.03) and 10yr down half a bp at 4.697.

10:34 AM MBS down an eighth and 10yr up 2.7bps at 4.728

01:47 PM MBS down 5 ticks (.16) and 10yr up 3.9bps at 4.741

Lock / Float Considerations

- 8/21/26 - 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. In addition, **corporate bond** issuance is keeping broad pressure on yields. We'd like to see a clear show of support and a confirmed downtrend before reconsidering a defensive stance. As always, there will be short-term pockets of opportunity, but we're more focused on a sustainable shift in momentum (which has yet to show up).

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	4.738%	+0.036%
2 YR	4.232%	+0.038%
30 YR	5.278%	+0.029%
5 YR	4.424%	+0.039%

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