MBS Recap: Incidental Weakness. Bigger Considerations on The Horizon

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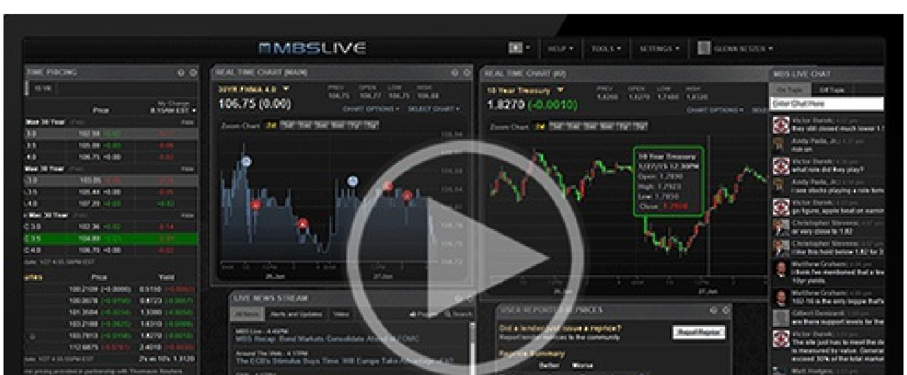
Incidental Weakness. Bigger Considerations on The Horizon

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.



Watch the Video

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

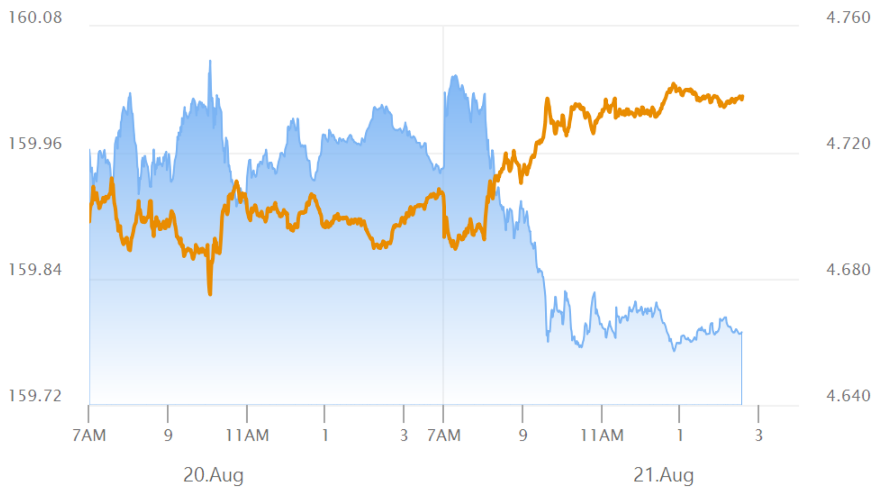
- 8/21/26 - Lock/float risk remains higher than normal as long as each new day brings another coin flip on the fate of the war and fuel prices. In addition, corporate bond issuance is keeping broad pressure on yields. We'd like to see a clear show of support and a confirmed downtrend before reconsidering 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")
  - 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	4.738%	+0.036%
2 YR	4.232%	+0.038%
30 YR	5.278%	+0.029%
5 YR	4.424%	+0.039%

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