MBS Recap: Bonds Rally on Peace Deal Hopes

Justin Grable
President of Mortgage Lending, ABLE Mortgage
www.ABLEMortgage.com
P: (951) 899-0009
M: (951) 899-0010
justin@ablemortgage.com
41923 Second St.
Temecula CA 92592
NMLS 246763
CA DRE 01411989

Bonds Rally on Peace Deal Hopes

MBS Recap Matthew Graham | 4:32 PM

The day ended as it began: with bond yields and oil prices dropping in unison based on hopeful headlines surrounding the Iran war. Perhaps the market was in the mood for a rally because the headlines weren't particularly specific or compelling. Oil prices are closer to the middle of their range for the month of August whereas 10yr yields are closer to the low end of the range. This could suggest a bit of a willingness to rally on the part of the bond market, but sustaining the rally would require continued cooperation from oil as well as econ data.

Watch the Video

MBS Morning

10:06 AM Oil Down, Yields Down

3:54 PM

Econon Data / Events

- - Case Shiller Home Prices-20 y/y (Jun)
    - 2.1% vs 1.7% f'cast, 1.6% prev
  - CaseShiller 20 mm nsa (Jun)
    - 0.4% vs -- f'cast, 0.9% prev
  - FHFA Home Price Index m/m (Jun)
    - 0.0% vs 0.2% f'cast, 0.3% prev
  - FHFA Home Prices y/y (Jun)
    - 2.3% vs -- f'cast, 2.2% prev

Market Movement Recap

09:32 AM	MBS up a quarter point and 10yr down 3.9bps at 4.659
01:40 PM	MBS up 10 ticks (.31) and 10yr down 5.5bps at 4.642
03:49 PM	MBS up 3/8ths and 10yr down 6.5bps at 4.632

Lock / Float Considerations

- 8/25/26 - Today is the first day that we've seen a potential challenge to the prevailing trend since it began in late July. Risk takers typically like to see if there's any follow-through at times like this. Breaking below 4.62% would be a stronger signal. Also, none of the above changes the fact that each new day is basically a coin flip based on the war and fuel prices. Risk averse clients prefer to use opportunities like this to lock.

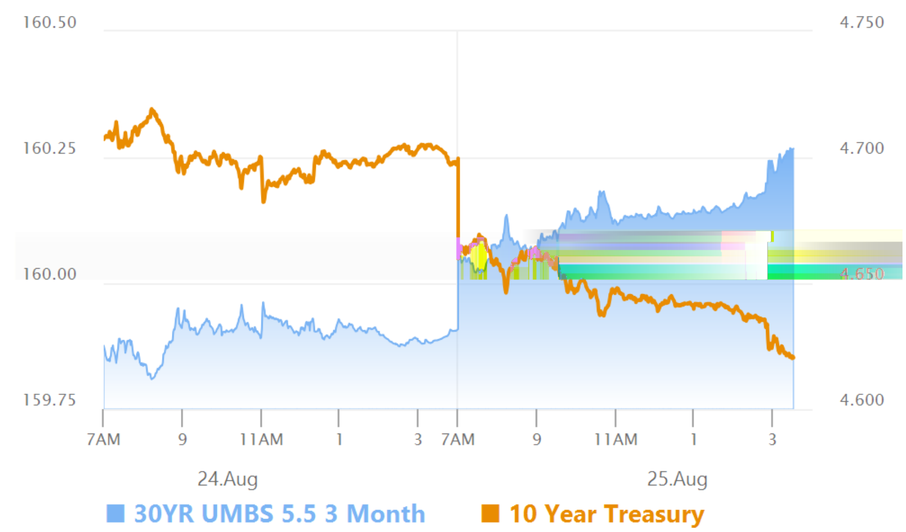
Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.80
  - 4.71

  - 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	4.620%	-0.077%
2 YR	4.172%	-0.051%
30 YR	5.156%	-0.070%
5 YR	4.326%	-0.078%

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