# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.




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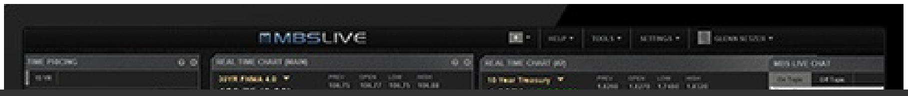
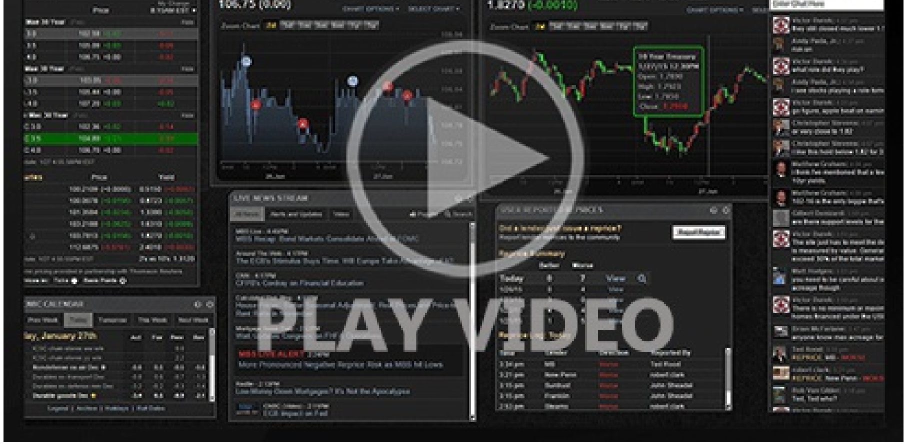
## MBS Recap: Some Pros and Cons in Today's Weakness

# Some Pros and Cons in Today's Weakness

MBS Recap Matthew Graham | 4:23 PM

Bonds lost ground today, but it wasn't necessarily an unequivocally bad day. Yields were close to yesterday's lows just before this morning's PCE data came out and only moved higher after that. If the data had been better, it's possible today could have started on a stronger note. Oil price volatility was the other notable factor with prices moving up roughly $3 between 5am and noon ET. In light of both of those headwinds, bonds actually lost minimal ground and managed to hold below yesterday's high yields with multiple ceiling bounces at 4.67% in the 10yr. If we see weaker data and lower oil prices ahead, there's no reason to think bonds couldn't challenge this week's best levels again.






Watch the Video

MBS Morning

8:47 AM Bonds Pouting After Higher PCE

Update

1:35 PM Heads Up: Weakest Levels But 10yr Holding

3:45 PM

## Econ Data / Events

- Core PCE (m/m) (Jul)
  - 0.2% vs 0.2% f'cast, 0.1% prev
- Core PCE (y/y) (Jul)
  - 3.3% vs 3.3% f'cast, 3.3% prev
- Durable goods (Jul)
  - 1.1% vs 0.5% f'cast, 0.3% prev
- GDPQ2
  - 1.5% vs 1.5% f'cast, 2.1% prev
- PCE (y/y) (Jul)
  - 3.7% vs 3.6% f'cast, 3.7% prev
- PCE prices (m/m) (Jul)
  - 0.2% vs 0.1% f'cast, -0.1% prev

## Market Movement Recap

09:15 AM Weaker after PCE data. MBS down 6 ticks (.19) and 10yr up 2.4bps at 4.654

Weaker after PCE data. MBS down 6 ticks (.19) and 10yr up 2.4bps at 4.654

| | |
|---|---|
| 12:05 PM | MBS down a quarter point and 10yr up 3.5bps at 4.664 |
| 02:28 PM | Unchanged from previous update |

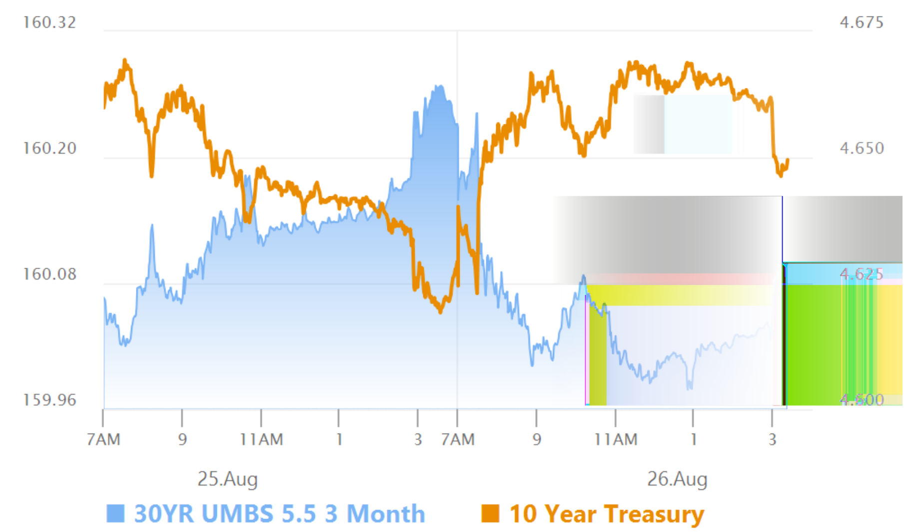
## Lock / Float Considerations

- 8/26/26 - Good reminder of prevailing risks today. Both data and oil prices hurt rates. Both were coin flips. Bonds were clearly open-minded this morning. From a technical standpoint, today was a victory in that yields bounced on the same intraday ceiling at 4.67%, but the daily chart suggests resistance at the 4.62% technical level. Inconclusive.

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

| US Treasuries | | |
|---|---|---|
| 10 YR | 4.649% | +0.019% |
| 2 YR | 4.210% | +0.032% |
| 30 YR | 5.170% | +0.004% |
| 5 YR | 4.366% | +0.034% |

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