MBS Recap: Warsh Speech at Jackson Hole Prompts Heavy Selling

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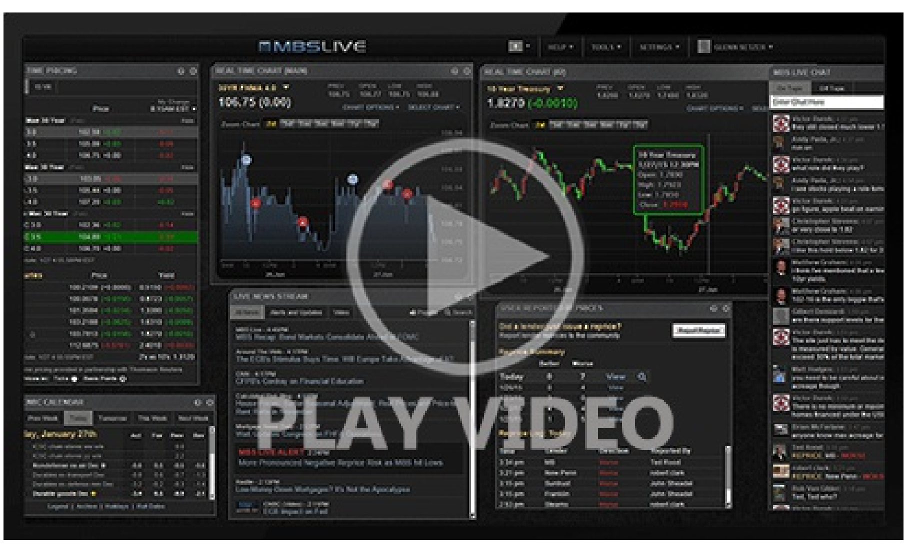
MBS Recap Matthew Graham | 5:20 PM

Jackson Hole speeches are hit and miss when it comes to bond market volatility. Today's Warsh speech was something of a direct hit--more than enough to sink the battleship of anyone hoping for lower rates to end the week. Warsh's hawkishness was limited to tough talk on inflation and an upbeat assessment of the economy. It wasn't terribly different from the late July press conference, but the market viewed it as upgrading the chance of a rate hike before the end of 2026. 2yr Treasury yields (more sensitive to Fed rate expectations than the 10yr) rose more than 12bps by the close. MBS shed 3/8ths of a point and mortgage rates crested 3 week highs.



Watch the Video

MBS Morning

9:43 AM Not The Payrolls You're Looking For

Alert

10:12 AM Bonds Selling After Warsh Speech

Alert

11:43 AM Negative Reprice Risk Increasing

3:02 PM

Market Movement Recap

09:04 AM	Sideways to slightly weaker. MBS down 1 tick (.03) and 10yr up 1bp at 4.68
10:18 AM	MBS down a quick eighth after Warsh speech and 10yr up 1.5bps at 4.686 (2yr up almost 7bps).
01:13 PM	MBS down nearly 3/8ths and 10yr up 5.4bps at 4.724

Lock / Float Considerations

- 8/28/26 - Big bad reaction to Warsh--likely an overreaction, but until/unless the market confirms that, it makes sense to remain defensive.

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	4.712%	+0.041%
2 YR	4.347%	+0.117%
30 YR	5.207%	+0.014%
5 YR	4.484%	+0.086%

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