MBS Recap: Decent Mid-Day Recovery But No Change to Bigger Picture

Shannon McAlister
Luminate Home Loans
https://home-owners-pdx.com/
M: (503) 516-8881
shannon.mcalister@goluminate.com
NMLS 885982

Member FDIC
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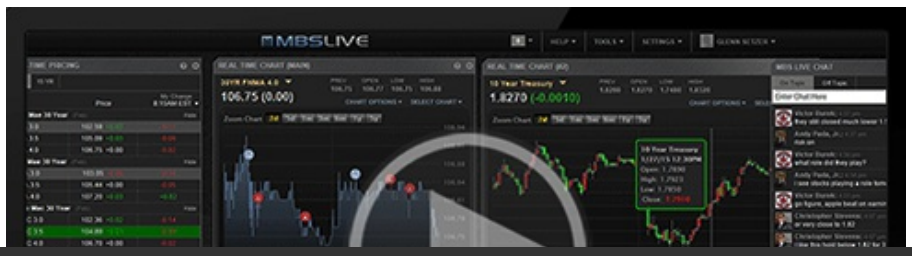
Decent Mid-Day Recovery But No Change to Bigger Picture

MBS Recap Matthew Graham | 3:51 PM

Monday wasn't too different from last Friday in that the bond market began the day with AM volatility that gave way to minimally changed yields by the close. The order was reversed, however, with the weaker trading in the AM and rally back to unchanged levels for the close. Another key difference was that the mid-day rally was clearly drew inspiration from measurable events (in this case, war-related newswires that helped oil prices recover most of the morning's increase. Shorter-dated yields underperformed as there was no meaningful improvement in Fed Funds Futures. In fact, rate hike odds increased ever-so-slightly as the day progressed. In the bigger picture, today and Friday speak to a leveling-off of negative momentum in the recent snowball selling trend. Unfortunately, this could be as simple as a circling of the wagons ahead of Wednesday's Fed announcement which is just as likely to cause another bearish breakout as it is to reinforce the technical ceiling.



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Watch the Video

MBS Morning

10:38 AM Different Week, Same Selling

Alert

10:42 AM Down More Than an Eighth Since 9:30am

Update

12:55 PM Back Into Positive Territory After War/Trump Headlines

3:31 PM

Market Movement Recap

09:02 AM MBS down more than an eighth and 10yr up 1.7bps at 4.987

12:29 PM back in positive territory after Trump headlines. MBS up 1 tick (.03) and 10yr down 2.2bps at 4.947

03:30 PM MBS down 2 ticks (.06) and 10yr up 0.2bps at 4.972

Lock / Float Considerations

- 9/14/26 - Slower pace of selling and a decent intraday bounce increase temptation to catch falling knives. We continue advising to wait for a confirmed trend shift before adjusting a defensive lock/float strategy. High volatility potential remains through Wednesday's Fed announcement at the very least. War-related headlines create 2-way risks until further notice.

Technicals/Trends in 10yr (why 10yr)

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

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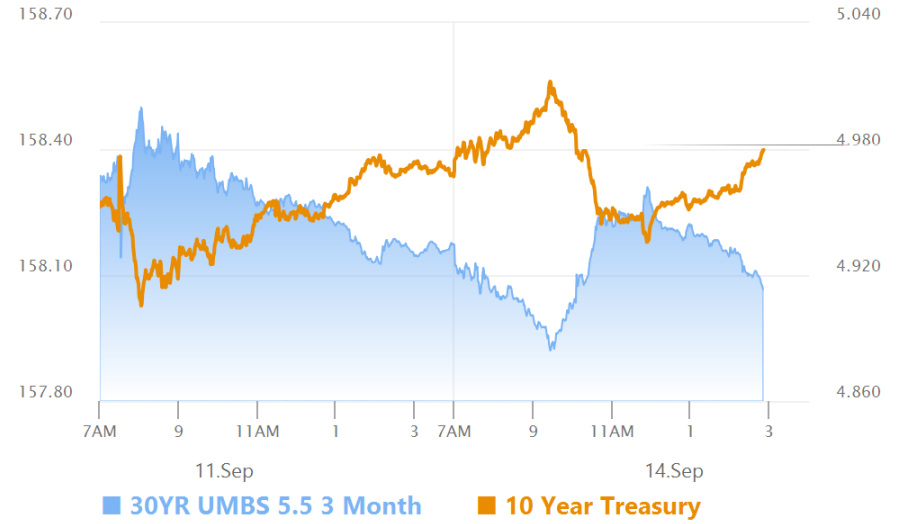
- Ceiling/Support (can be used as "lock triggers")
  - 5.00

- Floor/Resistance
  - 4.54
  - 4.62
  - 4.71
  - 4.80
  - 4.83
  - 4.93

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	4.979%	+0.010%
2 YR	4.648%	+0.029%
30 YR	5.341%	-0.014%
5 YR	4.809%	+0.024%

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