MBS Recap: Some Signs of Resilience But It's Still Anyone's Game

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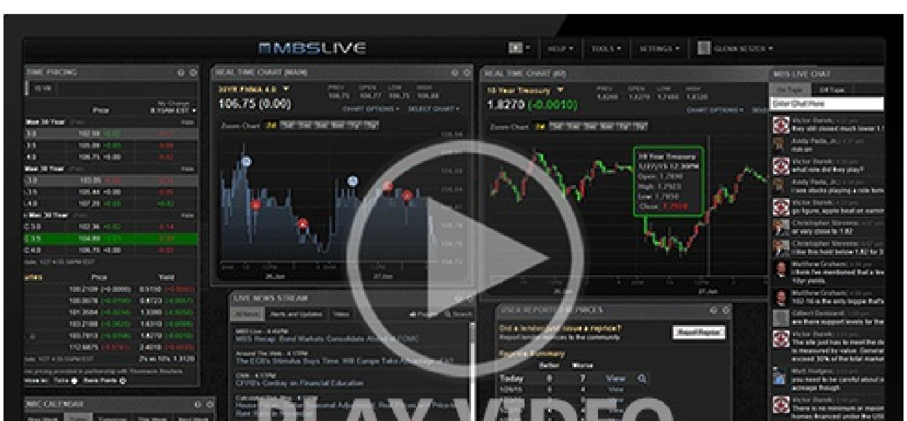
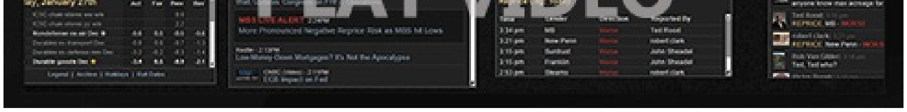
Some Signs of Resilience But It's Still Anyone's Game

MBS Recap Matthew Graham | 4:31 PM

After several consecutive business days of abject unpleasantness in the bond/mortgage market, Tuesday finally offered a modest consolation. During domestic trading hours, every attempt to push 10yr yields over 5% was met with a supportive bounce--presumably from value buyers targeting 5% as a good entry point to own 10yr notes for investment purposes. We wouldn't read too much into this just yet. It is a defensible conclusion today (especially in light of oil prices surging over to over $106), but Wednesday's Fed reaction could completely change the landscape. We'll discuss "what if" scenarios in today's recap video.





Watch the Video

MBS Morning

10:57 AM 5% Yields Bringing Value Buyers?

4:18 PM

Market Movement Recap

09:16 AM	MBS unchanged and 10yr up 1.7bps at 5.001
01:08 PM	MBS down 1 tick (.03) and 10yr up 2.2bps at 5.006
03:13 PM	MBS up 1 tick (.03) and 10yr up 1.6bps at 5.00

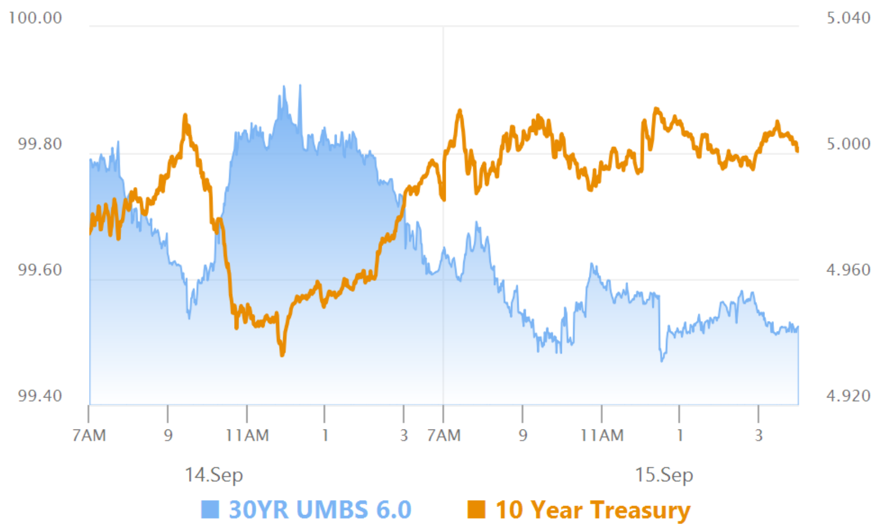
Lock / Float Considerations

- 9/15/26 - High risk / high reward ahead of Fed day. There were certainly some signs of technical support in the bond market today, but things can go either way in a big way tomorrow afternoon. We would still prefer to see a clearly-defined reversal and momentum toward lower rates before reconsidering a defensive stance by default.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 5.14
- Floor/Resistance
  - 4.62
  - 4.71
  - 4.80
  - 4.83
  - 4.93
  - 5.00

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	5.006%	+0.022%
2 YR	4.673%	+0.007%
30 YR	5.367%	+0.018%
5 YR	4.838%	+0.018%

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