MBS Recap: Bond-Specific Weakness

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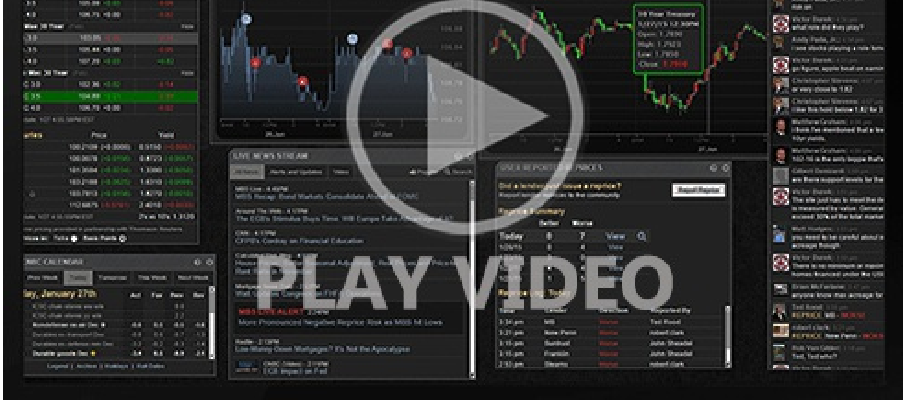
Bond-Specific Weakness

MBS Recap Matthew Graham | 5:16 PM

Over the past 6 months, as bonds continued to sell off, there was frequently some solace in the fact that the rate spike correlated with oil or diesel prices enough to hope that an oil price recovery would pave the way for a rate recovery. While there's likely still some benefit for bonds from a large, sustained drop in oil prices, the broader disconnect is increasingly conspicuous. Today was the latest example. Yields appeared to track with oil on the way up (for the most part). But when oil reversed course and moved back to 'unchanged' on the day, bond yields were still almost 5bps higher day-over-day. There was nothing new and specific that continued driving this narrative today. Dallas Fed data may have played a small role, and we also wouldn't rule out month/quarter-end trading at this time of year, but there's no way to confirm that.



Watch the Video

MBS Morning

10:10 AM Another Red Start, And It's Not All About Oil

Alert

10:50 AM MBS Already Down an Eighth For Some Lenders

4:23 PM

Market Movement Recap

08:36 AM MBS down 11 ticks (.34) and 10yr up 4.8bps at 5.209

11:03 AM MBS down more than 5/8ths and 10yr up 10.5bps at 5.266

04:06 PM MBS down 5/8ths and 10yr up 7.3bps at 5.234

Lock / Float Considerations

- 9/28/26 - We continue to recommend waiting until the market shows a stronger desire to rally (without said rally being a response to heavy selling) before adjusting your lock/float game plan. That said, if econ data comes in weak, and bonds recover, there could be a fairly substantial reaction in mortgage rates. As always, the issue is that the data could also come in stronger and only add to the recent upward momentum.

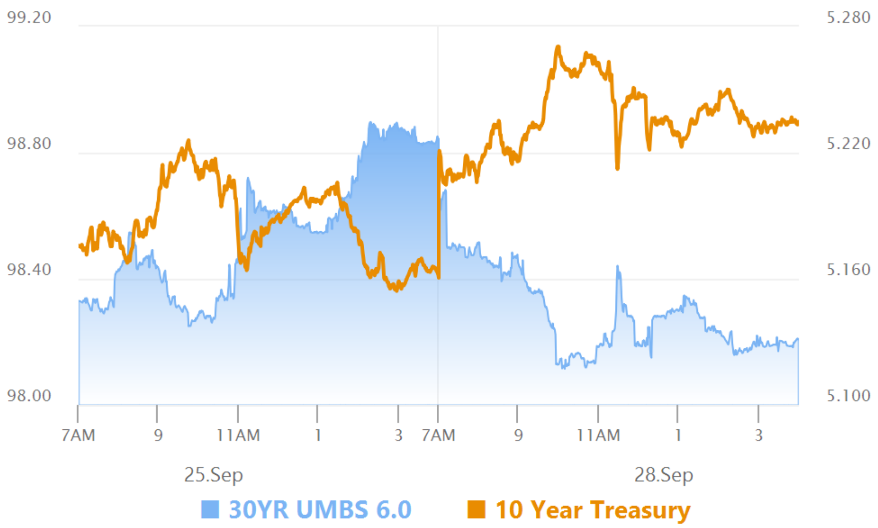
Technicals/Trends in 10yr (why 10yr)

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

- 5.29

- Floor/Resistance
  - 4.71
  - 4.80
  - 4.83
  - 4.93
  - 5.00
  - 5.14

MBS & Treasury Markets



MBS

30YR UMBS 6.0

30YR UMBS 6.5

30YR GNMA 6.0

15YR UMBS-15 5.0

US Treasuries

10 YR	5.234%	+0.074%
2 YR	4.926%	+0.068%
30 YR	5.554%	+0.060%
5 YR	5.067%	+0.076%

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