MBS Recap: Big Intraday Round Trip For Bonds; Williams Helped

Jason Wood
Mortgage Advisor & VA Loan Specialist, VA Loan Guy
www.valoanguy.us
P: (760) 350-3989
317293

EQUAL HOUSING LENDER

Big Intraday Round Trip For Bonds; Williams Helped

MBS Recap Matthew Graham | 4:53 PM

Bonds spent the first half of the day pressing into even weaker levels in spite of a respectable drop in oil prices. Data and headlines had little to no bearing on the selling. If anything, the biggest scapegoat is the combination of bearish momentum and quarter-end trading (something we're extrapolating from the mirror-image correlation between stocks and bond yields). 10yr yields crested 5.29% at their weakest levels--right in line with the only obvious nearby technical level from 2007. Bearishness reversed at 2pm when Fed Gov Williams said he didn't see a need for urgency after the September rate hike. Fed Funds Futures rallied quickly and the entire yield curve (apart from 30yr bonds) ended up making it back to positive territory by the close.

Watch the Video

MBS Morning

9:37 AM Now Completely Shunning The Drop in Oil

Alert

9:47 AM Down Sharply From AM Highs

Alert

1:37 PM Additional Negative Reprice Risk

Update

3:07 PM Bonds Bounce Back Following Williams Comments

4:18 PM

Econon Data / Events

- Case Shiller Home Prices-20 y/y (Jul)
  - 2.5% vs 2.2% f'cast, 2.1% prev
- FHFA Home Price Index m/m (Jul)
  - 0.3% vs 0.1% f'cast, 0% prev
- CB Consumer Confidence (Sep)
  - 81.9 vs 89.2 f'cast, 89.4 prev
- USA JOLTS Job Openings (Aug)
  - 7.079M vs 7.23M f'cast, 7.271M prev

Market Movement Recap

08:58 AM MBS up 2 ticks (.06) and 10yr down less than 1bp at 5.231

10:05 AM

Heavy selling between 9:30am and 10am. Bouncing modestly after 10am data. MBS down over an eighth and 10yr up 1.1bps at 5.25

02:26 PM

MBS down a quarter point, but well off the weakest levels after Williams' comments implying no urgent need for additional rate hikes. 10yr still up 2.6bps at 4.267

Lock / Float Considerations

- 9/29/26 - (unchanged from Monday) 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	5.236%	-0.004%
2 YR	4.880%	-0.047%
30 YR	5.568%	+0.019%
5 YR	5.051%	-0.021%

Open Dashboard

Share This