MBS Recap: Tech Concerns Keeping Bonds in The Game

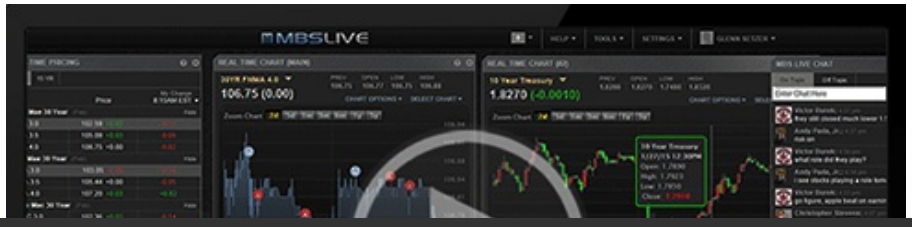


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Tech Concerns Keeping Bonds in The Game

MBS Recap Matthew Graham | 4:37 PM

There was some oil price volatility today that looked like it might line up with some of the intraday volatility in the bond market. This may have actually been relevant between 10:10 and 10:30am as various rumors circulated regarding a draft deal. But the general trading range of Treasuries/MBS has been facilitated by the ongoing focus on potential credit concerns for a few key tech names. Coreweave is front and center with today's corporate bond volatility lining up very well with the AM Treasury volatility. Specifically, the height of Coreweave's yield spike lined up perfectly with the best level in Treasuries. Bonds ultimately ended the day slightly stronger--keeping them comfortably in the lower range seen since last Thursday.



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Watch the Video

MBS Morning

9:39 AM Slightly Stronger Start

Alert

12:01 PM MBS More Than an Eighth Off Highs

2:56 PM

Econ Data / Events

- Building permits
  - 1.400m vs 1.390m
- Housing Starts
  - 1.221m vs 1.300m

Market Movement Recap

02:50 PM Early gains and a subsequent bounce lined up with Coreweave's stock price bottoming out and and recovering. Oil prices were possibly a consideration, but we're cautious about expecting much correlation there based on the very disconnected trading of the past month.

Lock / Float Considerations

- 10/20/26 - Tech jitters are keeping yields in a new, lower range since last Wednesday. If there's a noticeable bounce in sentiment surrounding Coreweave etc., rates risk bouncing higher as well. If tech concerns increase, rates could easily re-test lows. Econ data is on the back burner until early November. Oil price volatility MIGHT deserve honorable mention today, but we wouldn't bet on that correlation guiding the bond market until and unless it is firmly re-established.

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- Ongoing contributions to high/rising rates in no particular order:
    - War's implied impact on inflation and Treasury issuance
    - Elevated Treasury issuance (fiscal imbalances)
    - Elevated corporate bond issuance (competes for investor demand)
    - Resilient stocks (competes for investor demand)
    - Generally/gradually lower foreign demand (partly driven by tariffs and weaker trade relationships)
    - Genuine strength/resilience in economic data
    - A Federal Reserve that is willing to use the Fed Funds Rate to fight inflation (not the perfect tool, but it's the tool they have)

- Things that would help rates fall the most:
    - recession or significant economic slowdown
    - AI/tech credit/earnings bubble concerns playing out in markets
    - war ends and oil prices fall
    - inflation sustainably returns to 2%

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
    - 5.34
    - 5.27
    - 5.14

- Floor/Resistance
    - 4.83
    - 4.93
    - 5.00
    - 5.07

MBS & Treasury Markets



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MBS

30YR UMBS 6.0	+
30YR UMBS 6.5	+
30YR GNMA 6.0	+
15YR UMBS-15 5.0	+

US Treasuries

10 YR	5.112%	-0.023%
2 YR	4.779%	+0.007%
30 YR	5.424%	-0.043%
5 YR	4.930%	-0.007%

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