MBS Recap: Elections, Oil, and Neocloud Stocks, Oh My!



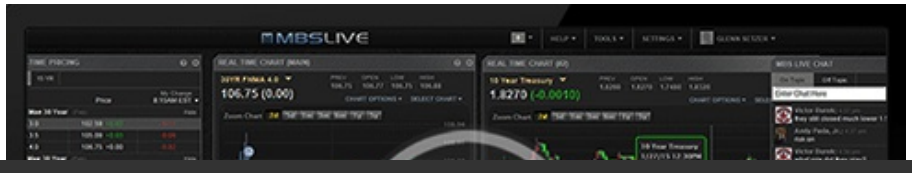
Caroline Roy
Branch Manager, Loan Officer, GoPrime Mortgage
www.goprimemontana.com
P: (406) 624-6330
M: (406) 581-4939
2015 Charlotte St.
Bozeman MT 59718
271203 MT, ID, CO, CA, ME, AK, WA,WY

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Elections, Oil, and Neocloud Stocks, Oh My!

MBS Recap Matthew Graham | 4:18 PM

There are 3 publicly traded neocloud stocks that are big enough to care about. All 3 hit new long term lows today (ranging from 6 months to over a year). All 3 continue to track very well with the recent bond market rally. This is simplest way to approach today's gains. The more you wander from that path, the more complex and circular the logic becomes. Oil prices have plummeted almost $20since last Friday. Seems like it should matter, and a few traders might agree. Then there's the election, which caused a surge in the broader stock market. We'd be careful giving it credit for bond market gains considering yields jumped from 4.90% to almost 4.95% when the senate results were called by news agencies. The easiest way to attempt to connect those dots would be via "AI company headwind implications." Such headwinds could imply slower corporate bond issuance or even a slower pace of economic growth. Bottom line: we have no objection to the lowest rates in more than a month, but the rally still looks most dependent on neocloud jitters.



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Watch the Video

Alert

10:20 AM Down More Than an Eighth From Highs

MBS Morning

10:50 AM Volatile Gains as Markets Digest Elections and Data

Update

10:53 AM Losses Mostly Erased Now

3:45 PM

Econ Data / Events

- ADP jobs (Oct)
  - 86K vs 69K f'cast, 90K prev
- Trade Gap (Sep)
  - -105.00B vs $-108B f'cast, $-105.6B prev
- S&P Global Composite PMI (Oct)
  - 55.9 vs 57.6 f'cast, 58.4 prev
- S&P Global Services PMI (Oct)
  - 56.1 vs 57.9 f'cast, 58.8 prev
- ISM Biz Activity (Oct)
  - 53.8 vs -- f'cast, 56.5 prev
- ISM N-Mfg PMI (Oct)
  - 54.5 vs 54.8 f'cast, 54.9 prev
- ISM Services Employment (Oct)
  - 51.4 vs -- f'cast, 50.1 prev
- ISM Services New Orders (Oct)
  - 55.9 vs -- f'cast, 59.8 prev

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- ISM Services Prices (Oct)
  - 73.0 vs -- f'cast, 74.0 prev

Lock / Float Considerations

- 11/4/26 - Renewed concerns in the neocloud combined with an oil price rout to break bond yield through their recent floor. Top tier mortgage rates in the 7.2's still look like a good lock opportunity until/unless econ data confirms a shift in growth/inflation. The counterpoint would be that with the elections now over, risk-tolerant clients have plenty of room overhead to set lock triggers at recent technical ceilings (like 4.95% or 5.00% in terms of 10yr yields).

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 5.27
  - 5.14
  - 5.07
  - 5.00
  - 4.93

- Floor/Resistance
  - 4.75
  - 4.82

MBS & Treasury Markets



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

US Treasuries		
10 YR	4.886%	-0.084%
2 YR	4.575%	-0.056%
30 YR	5.275%	-0.057%
5 YR	4.681%	-0.076%

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