MBS Recap: Why Did Bonds Sell Off So Sharply Today?



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Why Did Bonds Sell Off So Sharply Today?

MBS Recap Matthew Graham | 4:08 PM

Bonds sold off fairly sharply today and the motivations transcended today's menu of market moving events. If we wanted to focus only that menu, it's main selections included Trump comments on the U.S. not needing a deal with Iran, a stronger showing in stocks, NVDA drama failing to tank tech stocks, and a bevy of hawkish Fed comments. To be fair, the selling perfectly aligned with Fed rate expectations for the middle of 2027, but our contention is that those expectations moved more quickly than the underlying motivations suggested. In order to round out the bearishness, we need to consider follow-through momentum from Tuesday's CPI as well as the breakout from the rally trend. That rally was predicated on a tech sector flight to safety that seems to have run out of steam for now.



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Watch the Video

MBS Morning

9:43 AM Back and Forth on Oil and NVDA

Alert

9:49 AM Down More Than an Eighth Since 9:30am ET

Alert

12:02 PM Negative Reprice Risk Increasing

3:29 PM

Econ Data / Events

- Jobless Claims (Nov)/07
  - 200K vs 195K f'cast, 189K prev
- Existing home sales (Oct)
  - 3.75M vs 3.85M f'cast, 3.99M prev

Lock / Float Considerations

- 11/12/26 - Thursday's weakness helps us confirm our uneasy feeling following Tuesday's CPI. There's really no other way to reconcile the magnitude of bond market weakness as a factor of "other stuff" like higher oil prices or resilient stocks. In other words, October's rally trend in rates is officially over and now we're in "wait and see" mode until a new theme emerges. Note: "wait and see" mode is typically defensive/conservative--especially when there's been heavy selling for 2 straight sessions after exiting a rally trend.

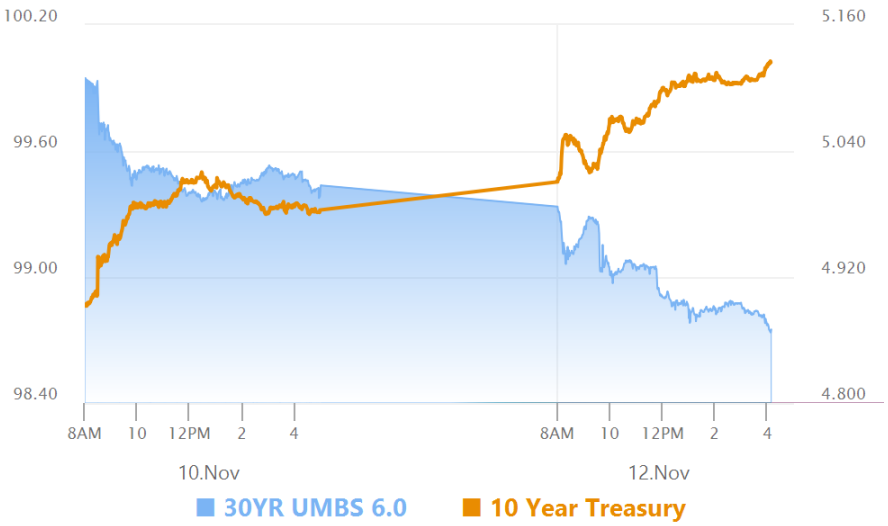
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Technicals/Trends in 10yr (why 10yr)

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

- Floor/Resistance
  - 4.75
  - 4.82
  - 4.88

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	5.124%	+0.138%
2 YR	4.879%	+0.141%
30 YR	5.448%	+0.092%
5 YR	4.966%	+0.142%

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