MBS Recap: Strong Correlation With Stock Losses



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Strong Correlation With Stock Losses

MBS Recap Matthew Graham | 4:21 PM

Bonds continue hanging back and letting other markets set the tone. For the most part, that's entailed a focus weakness in the stock market. In response, there have been multiple episodes of small-scale flights to safety in the bond market. Coming into the this week, there was a question as to how strong that correlation would be in light of last week's inflation-driven breakdown. As it stands, stock prices and bond yields are still doing a good job of moving in the same direction at the same time, but the magnitude of the movement in bonds leaves something to be desired. Bottom line: bonds started weaker and were only able to turn green because stocks sold off aggressively enough.



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MBS Morning

10:40 AM Bonds Getting Some Help From Stocks

3:34 PM

Econ Data / Events

- Jobless Claims
  - 203k vs 197k f'cast, 202k prev

Lock / Float Considerations

- 11/19/26 - Similar themes persist. Bonds have been able to find a ceiling in yields, but we have to wonder how true that would be if stocks were recovering as opposed to revisiting multi-month lows. The last time stocks were near today's levels, 10yr yields were 20bps lower. The time before that, they were 60bps lower. Bottom line: bonds are getting help, and it's not clear how well they'd be doing without that help.

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

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- 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	5.048%	-0.028%
2 YR	4.763%	-0.050%
30 YR	5.402%	-0.012%
5 YR	4.858%	-0.028%

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