MONEY HOUSE

Chris Munson
SVP and Managing Director US Sales and Operations, The Moneyhouse
NMLS #169716
8751 Commodity Circl Ste 17 Orlando, FL 32819

Office: 407-255-2047
Mobile: 704-957-5053
cmunson@moneyhouseus.com

The Day Ahead: Corrections Are a Way of Life, But The Details Matter

As we all know, the MBS market is personified by a **big green dragon**. So far in 2016, the dragon has been breathing plenty of fire. Less publicized is the fact that the dragon breathes air just like you and me. But like any firebreathing creature, and indeed like anything that goes on village burning rampages for a living, he needs a quick breather from time to time in order to restore the village-burning potential. The hotter the fire, the more inevitable--and sometimes, the bigger--the pause.

As we began discussing yesterday on MBS Live, it wouldn't be a surprise to see that sort of **consolidation** after such a quick move to such long-term lows (or 'highs' in terms of MBS prices). The timing of the bounce is **reinforced** by a few factors. First and foremost, there's the simple inhale/exhale dragon analogy. When markets run hard enough in one direction, traders look for a bounce, either to book profits on trades already made, or to get in on some short term profits from the correction that typically follows the big moves.

CRT Capital's Ian Lyngen put it in simple terms in a client note this morning: "We've been **looking for an opportunity to short the Treasury market** on the assumption that at least a consolidation will be needed before pressing towards lower yields - but this hasn't been the week for a bearish call."

That sums it up nicely. Traders know a pull-back of some magnitude SHOULD be coming, and there's certainly a desire to get on board with any likely move in any corner of the market. But timing is important, and traders don't want to join the move too soon--something that could have easily happened on the last few occasions where bonds have rallied big and pulled back.

Adding to the natural conclusion about bonds pulling back simply because they've run so hard, we also have increasingly compelling technicals. In particular, several of the **momentum indicators** are squarely in "overbought" territory. Think of this like fertile soil from which reversals can emerge--a primed pump, if you will.

So far today, we've seen a modest amount of weakness. But **even after the strong Retail Sales** data, it's not yet clear if today will offer the confirmation traders are looking for in order to sell bonds in any major way. In the bigger picture, although today's bounce does contribute to the aforementioned technical reversal signals, it is merely restoring bonds to their previous trend channel (as opposed to carrying them anywhere near levels that would make

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.81	-0.01
10 YR Treasury	4.9176	-0.0123
30 YR Treasury	5.2847	-0.0235

Pricing as of: 11/2 7:58AM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30YR Fixed	7.27%	-0.02	0.00
15YR Fixed	6.92%	-0.03	0.00
30YR FHA	6.90%	-0.01	0.00
30YR Jumbo	7.55%	0.00	0.00
7/6 SOFR	6.78%	-0.10	0.00
30YR VA	6.91%	-0.01	0.00

Rates as of: 10/30

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://mortgageratesupdate.com/moneyhouse

us think about a long-term bounce).



For what it's worth, this uncanny "resilience after a big rally" is not the baseline scenario for most market participants. Don't be surprised if the sell-off gets a bit bumpy in the event it actually starts in earnest. But if this sort of tepid correction is all we get--if this is all the more breath the dragon draws, it bodes well for the sustainability of the rally.

Subscribe to my newsletter online at: http://mortgageratesupdate.com/moneyhouse

Our Goal is to help our Wholesale Partners grow their business.

Let our highly experienced reverse mortgage team help your company grow its HECM business.

Chris Munson

EQUAL HOUSING OPPORTUNITY

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://mortgageratesupdate.com/moneyhouse