

MBS & TREASURY MARKETS

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ALERT: Losing Ground on Treasury Issuance Update

Treasury's just-released borrowing estimates for Q2 are higher than the market expected. While we don't yet know the breakdown of the increases (one assumes they will be weighted toward shorter-term bonds/bills), it's enough of a surprise to get the whole curve moving.

10yr yields are up a quick 2-3bps from the lows of the day, but still down 3.5bps on the day at 4.629.

MBS are still up 3 ticks (.09) on the day, but down about an eighth from the mid-day plateau. The jumpiest lenders might consider a negative reprice if we lose any additional ground. So far, the damage has been minimal, considering the nature of the news.



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