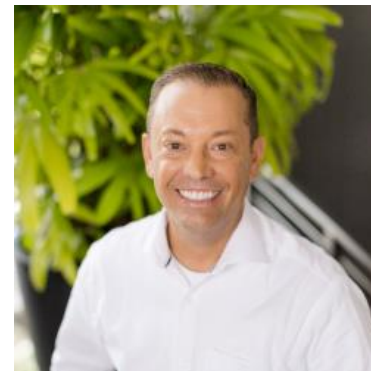


ALERT: Negative Reprice Risk Increasing as Bonds Give Up PCE Gains

This morning's post-PCE bond rally had a bit of a month/quarter-end boost, it seems. In other words, some month end trading may have been waiting to make sure PCE didn't drastically change prices. It didn't, so they bought what they needed to buy and now there are no more buyers.

MBS are down an eighth from rate sheet print times in 5.5 coupons and 6 ticks (.19) in 6.0 coupons. That's enough for jumpier lenders to consider negative reprices. 10yr yields are up 1 bp on the day as the long end of the curve underperforms (5yr yields still down 1.5bps).



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