

# MBS & TREASURY MARKETS

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## The Day Ahead: When is a Rally Not a Rally? (Explaining "Big" Overnight Move)

Up until last Friday, 10yr Treasury yields had consistently closed at 4.27-4.28 last week. Now this morning, we're at 4.27-4.28 again. That's the shortest way to explain that we're not dealing with a meaningful rally. It's only impressive when considered against the weird, panicky starting point created by the weird, panicky sell-off on Friday.



**Ryan Skove**

Real Estate Professional,  
Skove Real Estate Team -  
eXp Realty

<https://NJShoreRealtors.com>

**P:** (732) 284-1116

**M:** (732) 301-2687

213 NJ-35  
Red Bank NJ 07701

#2186472



Another way to put this morning's move into perspective is to remember that a 10-12bp rally right now is equivalent to a 3-4bp rally during more normal times. As for justification, the approaches are limited to two options: shifting election odds and/or a reversal of a pre-weekend position dump that's now being reversed--probably a combination of the two.

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