

# MBS & TREASURY MARKETS

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## The Day Ahead: Huge Post-Election Sell-Off, The Calmest Result Imaginable

Heading into the election, we knew the bond market was losing ground in concert with improving odds of a Trump victory and red sweep. After being surprised in 2016, markets were determined to bake in as much of the expected outcome as possible. The seemingly massive overnight sell-off in bonds means that markets have done exactly that. 10yr yields are only up 19bps, and while that may sound big, it's very much on the low end of the spectrum of potential election reactions. If there's a reason, it's that the red sweep has yet to be decided due to a neck and neck forecast for control of the House.



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