

MBS & TREASURY MARKETS

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MBS Recap: 2 Straight Days of Gains?!

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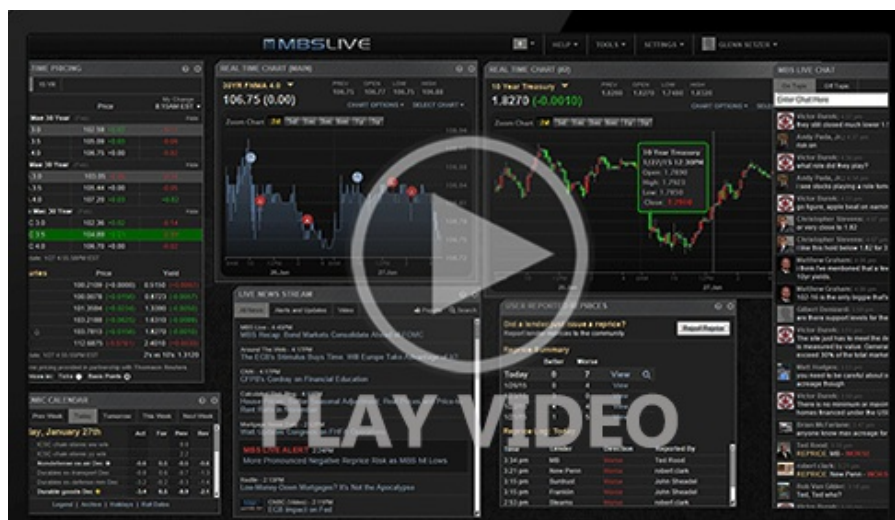
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2 Straight Days of Gains?!

MBS Recap | Matthew Graham | 4:28 PM

Not only have bonds managed to pull off a feat rarely seen in recent memory (back to back days of solid gains), but the total drop in yields is the biggest since August 2024. Today's improvement wasn't nearly as big as yesterday's CPI-driven rally, but it would have been very strange if it had been. The data and events on tap didn't have the street cred to drive such craziness. Modestly weaker retail sales helped yields level off after overnight weakness, but comments from Fed's Waller and Treasury Secretary nominee Bessent accounted for most of the day's downward movement in yields.



Update

8:36 AM Bonds Dialing Back Some Overnight Losses on Retail Sales Miss

MBS Morning

11:48 AM Pushing Into Stronger Territory With Help From Data, Fed, and Maybe More

Econ Data / Events

- ○ Retail Sales
 - 0.4 vs 0.6 f'cast, 0.7 prev
- Retail Sales excluding autos
 - 0.4 vs 0.4 f'cast, 0.2 prev
- Jobless Claims
 - 217k vs 210k f'cast, 201k prev
- Continued Claims
 - 1.859m vs 1.870m f'cast, 1.867m prev
- Philly Fed Index
 - 44.3 vs -5 f'cast, -16.4 prev

Market Movement Recap

- 10:01 AM Slightly weaker overnight with a bit of a recovery after the data. MBS down only 1 tick (.03) and 10yr up 1.8bps at 4.671
- 11:53 AM Additional gains after Waller comments and Bessent confirmation comments. 10yr down 4.2bps at 4.611. MBS up a quarter point.
- 02:57 PM MBS up 6 ticks (.19) and 10yr down 4.4bps at 4.608

Lock / Float Considerations

- As of Thursday, bonds have enjoyed a solid 2-day improvement. Most--if not all--of that was driven by tangible data and events, but there is some question as to whether momentum and position squaring made for bigger gains than we otherwise might have seen. Risk-averse clients would defend against

that risk in the same old way. Risk tolerant clients now have some more room to set lock triggers at recent overhead rates.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - 4.88
 - 4.80
 - 4.74
 - 4.67
- Floor/Resistance
 - 4.43
 - 4.50
 - 4.57

MBS & Treasury Markets



MBS

| | |
|------------------|---|
| 30YR UMBS 6.0 | + |
| 30YR UMBS 6.5 | + |
| 30YR GNMA 6.0 | + |
| 15YR UMBS-15 5.0 | + |

US Treasuries

| | | |
|-------|--------|---------|
| 10 YR | 4.616% | -0.038% |
| 2 YR | 4.240% | -0.017% |
| 30 YR | 4.856% | -0.017% |
| 5 YR | 4.401% | -0.044% |

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