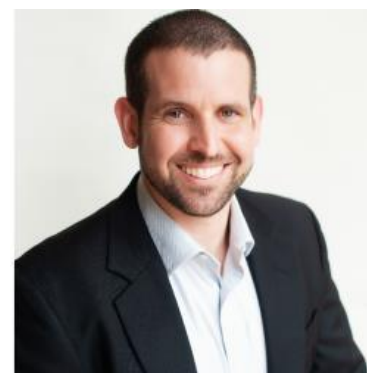


MBS & TREASURY MARKETS

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MBS Recap: Bonds Calmly Hold Overnight Gains



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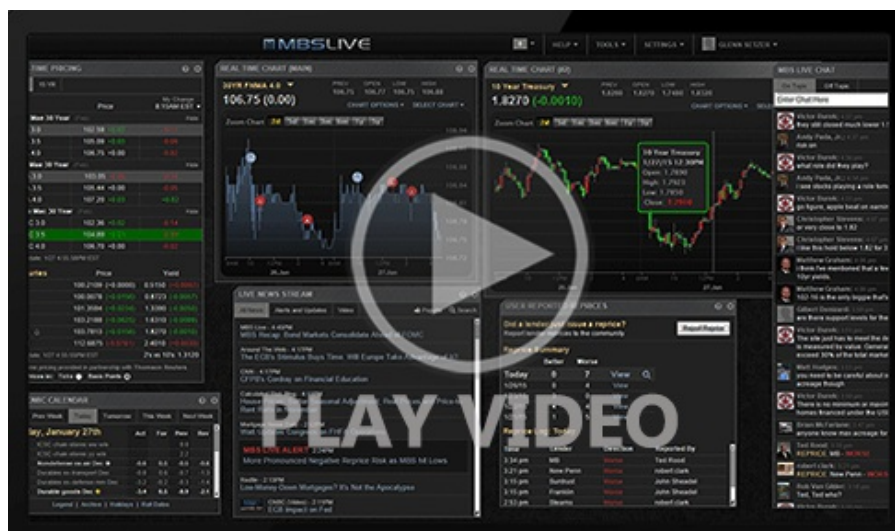
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Bonds Calmly Hold Overnight Gains

MBS Recap | Matthew Graham | 4:53 PM

This morning's commentary focused on a bond rally in response to an absence of heavy-handed specificity in Trump's initial salvo of executive orders--specifically with respect to trade policy. In not so many words, massive, immediate tariffs have been referred to agencies for research and comment. Bonds (via futures) rallied on the news yesterday and into the overnight session. Without any new sources of inspiration today, the overnight gains remained intact and volatility was generally absent.



PLAY VIDEO

MBS Morning

10:57 AM Bonds Open Stronger Thanks to Tariff Uncertainty

Market Movement Recap

- 09:52 AM Moderately stronger overnight with implied gains on Monday in Treasury futures. MBS up 6 ticks (.19) and 10yr down roughly 5bps at 4.577
- 01:32 PM Roughly an eighth of a point below best levels. MBS still up 6 ticks (.19) and 10yr down 5bps at 4.577
- 03:43 PM Calmly holding gains. MBS up a quarter point and 10yr down 6.2bps at 4.564

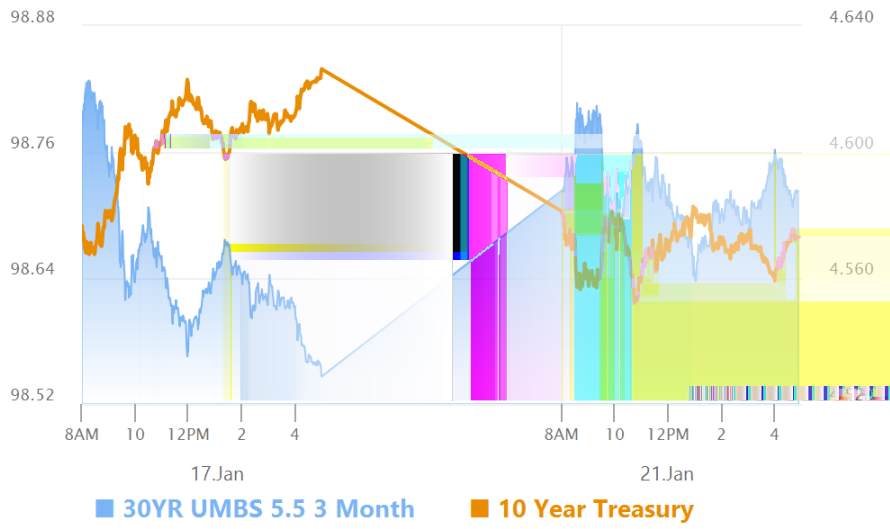
Lock / Float Considerations

- Bonds made it through Inauguration Day and the holiday weekend with moderate gains and without any major drama from the first round of executive orders. This rally is more about relief than a sustained bullish impulse. Wait and see from here... Risk reward is now more neutral than it had been heading into last week, but bigger victories still require data (and it's a very light week for data).

Technicals/Trends in 10yr (why 10yr)

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

MBS & Treasury Markets



MBS

| | |
|------------------|---|
| 30YR UMBS 5.5 | + |
| 30YR UMBS 6.0 | + |
| 30YR GNMA 5.5 | + |
| 15YR UMBS-15 5.0 | + |

US Treasuries

| | | |
|-------|--------|---------|
| 10 YR | 4.573% | -0.053% |
| 2 YR | 4.273% | -0.010% |
| 30 YR | 4.806% | -0.052% |
| 5 YR | 4.392% | -0.040% |

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