

MBS & TREASURY MARKETS

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MBS Recap: Not Expecting Fireworks From The Fed



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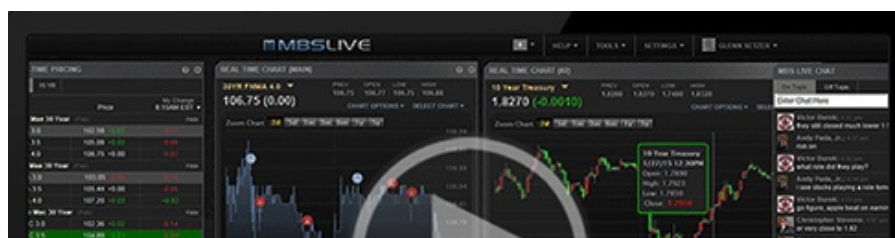
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Not Expecting Fireworks From The Fed

MBS Recap | Matthew Graham | 4:20 PM

Bonds had a mixed reaction to this morning's Durable Goods data with stronger internals offsetting a weaker headline. Sellers were in control for most of the AM hours, but momentum shifted with the 7yr Treasury auction. All in all, it was a solid showing in spite of the rebound in equities markets (something we only care about today because it was a huge consideration yesterday). Looking ahead, tomorrow's only notable agenda item is the Powell press conference at 2:30pm. The announcement itself can't really offer any tradeable news. Even Powell would be hard pressed to shake things up too much considering the mildly positive cue from inflation data and the ongoing policy uncertainty as a counterbalance. That said, one can never truly rule out a volatile reaction to a Powell presser, but the odds are certainly lower this time around.





Watch the Video

MBS Morning

9:02 AM Stronger Internals Offset Weaker Durable Goods Headline

Econ Data / Events

- ○ Durable Goods
 - -2.2 vs 0.8 f'cast, -2.0 prev
- Durables excluding defense and aircraft
 - 0.5 vs 0.3 f'cast, 0.9 prev
- Consumer Confidence
 - 104.1 vs 105.6 f'cast, 109.5 prev

Market Movement Recap

- 08:41 AM Slightly weaker overnight and little-changed after Durable Goods data. MBS down 2 ticks (.06) and 10yr up 2.8bps at 4.566
- 10:57 AM Back near weakest levels as stocks rebound. MBS down an eighth and 10yr up 3.5bps at 4.574
- 01:43 PM Stronger after 7yr Treasury auction. MBS unchanged. 10yr up 1.6bps at 4.554

Lock / Float Considerations

- Bonds remained surprisingly calm as stocks unwound the initial explosion of DeepSeek drama. This is refreshing resilience, all things considered. It creates some room for risk takers to take risks even though those risks are only likely to pay off in a meaningful way if economic data comes in soft. Risk-averse clients are still waiting to see a confirmed shift in data and the rate trend.

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

US Treasuries

10 YR	4.534%	-0.003%
2 YR	4.196%	-0.003%
30 YR	4.777%	+0.004%
5 YR	4.330%	-0.003%

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