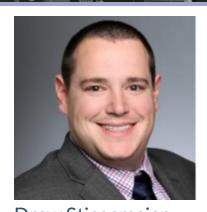
# MBS & TREASURY MARKETS

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# MBS Recap: Bonds Rally Back to Prevailing Range



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# Bonds Rally Back to Prevailing Range

MBS Recap Matthew Graham | 4:38 PM

The only moderately inconvenient part of the day was the morning hours as bonds lost ground overnight and started out weaker in domestic trading. That didn't last long. Yields began falling just after 9am and continued lower after today's biggest economic report came out weaker than expected (job openings at 7.6m vs 8.0m f'cast). Oil prices took a temporary hit from newswires regarding Trumping increasing pressure on Iran, but as that price spike leveled off, bonds continued to improve. Some news outlets suggest today's gains had something to do with the Mexico/Canada tariff pause, but that news was out well before the AM weakness. The simplest view is that bonds opted to maintain the prevailing range which has seen 10yr yields hold within 6bps of 4.53 since January 24th.





Watch the Video

#### **MBS Morning**

10:32 AM Recovering Overnight Losses With Help From JOLTS and in Spite of Oil Price Bounce

#### Econ Data / Events

- ○ Job Openings (lower is better for rates)
  - 7.6m vs 8.0m f'cast
  - Job Quits (lower is better for rates)
    - 3.197m vs 3.064m f'cast

#### Market Movement Recap

Weaker overnight, but back near unchanged after JOLTS data. MBS up 1 tick (.03) and 10yr down .4bps at 4.555

12:31 PM best levels of the day. MBS up an eighth and 10yr down almost 4bps at 4.521

03:11 PM some more gains with mbs up 6 ticks (.19) and 10yr down 4.4bps at 4.516

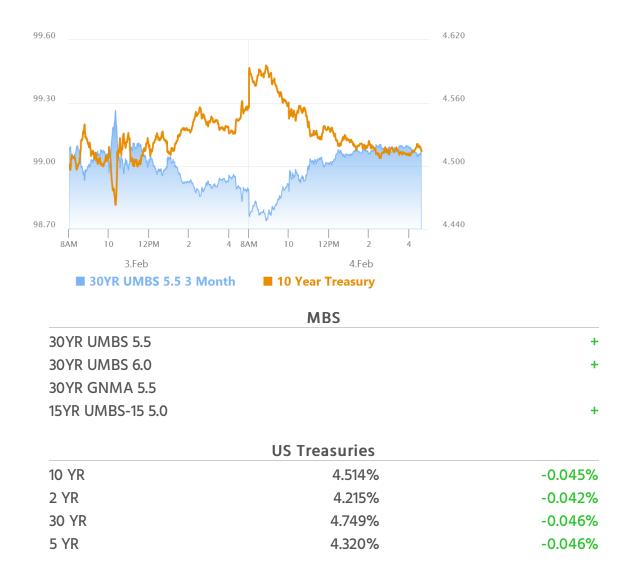
### **Lock / Float Considerations**

Despite over-the-weekend tariff news, bonds are broadly maintaining plenty of composure. Risk takers continue having some room overhead to set lock triggers. Risk averse clients can keep calm and lock on, until we see a clear data-driven shift in momentum in favor of lower rates. On that note, data represents elevated risks every day of the week, and especially on Thursday night heading into the jobs report.

## Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 0 4.88
  - o 4.80
  - 0 4.74
  - o 4.67
- Floor/Resistance
  - 0 4.43
  - o 4.50
  - o 4.57

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