

MBS & TREASURY MARKETS

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MBS Recap: Little Changed After Early Rally and Steady Selling



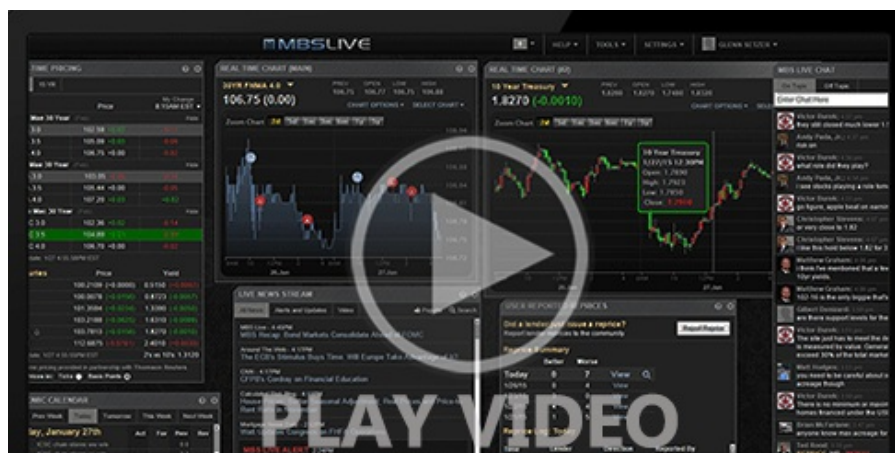
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Little Changed After Early Rally and Steady Selling

MBS Recap | Matthew Graham | 4:20 PM

Monday ended up being a relative non-event for the bond market. Trading was almost perfectly flat overnight. Big trades moved the whole pile right at the open and then again about 2 hours later. This effectively set the range for the rest of the day through the 3pm CME close. Tariff headlines had zero impact on bonds overnight, despite a token, fleeting impact on forex.





Watch the Video

MBS Morning

12:02 PM More Tariff Headlines But Stocks and Bonds Are Both Stronger

Update

12:58 PM MBS Down an Eighth From Highs

Market Movement Recap

- 10:17 AM Flat overnight and slightly stronger now. MBS up 3 ticks (.09) and 10yr down 2.6bps at 4.466
- 12:59 PM 10yr down 0.2bps at 4.49, and MBS now back to unchanged.
- 03:15 PM Treading water at weakest levels. MBS unchanged and 10yr up half a bp at 4.497

Lock / Float Considerations

- With Friday's jobs report out of the way, Wednesday's CPI becomes the next major volatility risk in the near term. The jobs report likely serves a role to offer resistance to the recent bond rally as opposed to define an entire month of momentum (as jobs reports can sometimes do). If anything, CPI is slightly more likely to shape prolonged trends. This doesn't mean CPI is any more likely to help or hurt, simply that it's at least as big a risk/opportunity than jobs, if not bigger. In the short term, there's not a great calendar-based opportunity for a strong recovery until and unless CPI comes in weak.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.74
 - o 4.67
 - o 4.57
 - o 4.50
 - o 4.43
- Floor/Resistance
 - o 4.27
 - o 4.34

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	4.497%	+0.005%
2 YR	4.275%	-0.019%
30 YR	4.708%	+0.023%
5 YR	4.337%	-0.001%

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