

MBS & TREASURY MARKETS

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MBS Recap: Decent Recovery as Sentiment Swoons Ahead of Jobs Report



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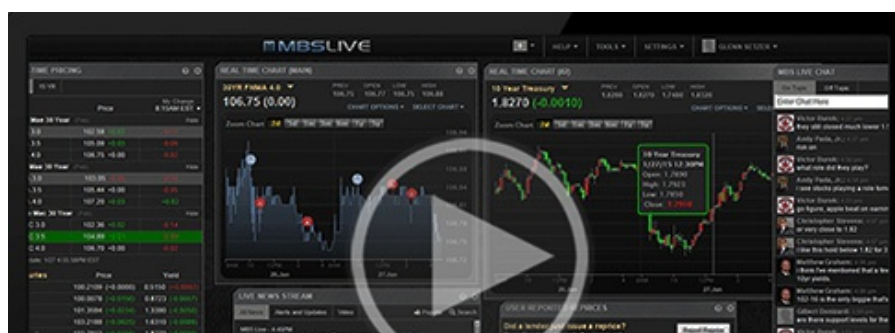
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Decent Recovery as Sentiment Swoons Ahead of Jobs Report

MBS Recap | Matthew Graham | 4:07 PM

Bonds have made it to Friday's jobs report without a meaningful extension of the corrective sell-off that began 2 days ago. That wasn't a given in the middle of today's trading session. Lutnick's comments on tariff exemptions fueled a risk-on move (buy stocks, sell bonds) in the late AM hours, but it didn't last long. Stocks reversed course in the PM hours and pulled bonds along for the ride. MBS were unchanged to a hair stronger and 10yr yields were able to make it fairly close to unchanged by the 3pm close.





Watch the Video

Alert

8:48 AM Losing Some Ground After Strong Jobless Claims Data

Alert

10:44 AM New Lows For MBS After Tariff Delay Comments

MBS Morning

11:40 AM Stronger Data and Tariff Delay Causing Weakness

Econ Data / Events

- ○ Jobless Claims
 - 221k vs 235k f'cast, 242k prev

Market Movement Recap

- 08:39 AM Losing some ground after Jobless Claims. MBS back to unchanged on the day and 10yr up 1.1bps at 4.288
- 10:41 AM Losing more ground after Lutnick's comments on USMCA tariff delays. MBS down 5 ticks (.16) and 10yr up 6.1bps at 4.337
- 01:28 PM Bouncing back over the past 2 hours as stocks swoon again. MBS down only 1 tick (.03) on the day at 10yr up 1.6bps at 4.293
- 03:24 PM fairly flat in the PM hours. Stocks and bonds are moving together as Trump speaks. MBS up 1 tick and 10yr yields only half a bp higher at 4.281

Lock / Float Considerations

- Although there's been quite a lot of stock/bond correlation in the past few weeks, it would be a mistake to conclude that Friday's jobs report is somehow not as much of a potential source of volatility

as normal. In fact, bonds have shown us several times this week that merely decent economic data is worth pushing back on the rate rally. Bottom line: while a weak NFP now has some room to push rates back toward recent lows, a strong NFP is quite capable of pushing rates higher.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.57
 - o 4.50
 - o 4.40
 - o 4.34

- Floor/Resistance
 - o 4.05
 - o 4.12
 - o 4.19

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 | 4.294% | +0.017% |
| 2 YR | 3.971% | -0.033% |
| 30 YR | 4.592% | +0.018% |
| 5 YR | 4.069% | -0.009% |

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