

MBS & TREASURY MARKETS

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MBS Recap: Yields Pushing Range Boundaries After Tariff Updates and Econ Data



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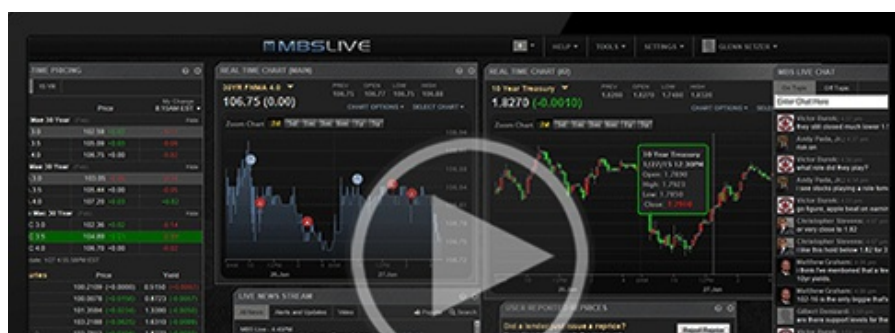
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Yields Pushing Range Boundaries After Tariff Updates and Econ Data

MBS Recap | Matthew Graham | 3:59 PM

Bonds lost ground over the weekend as news of tariff exclusions fueled a stock rally. A modest recovery was underway when the S&P Services PMI came out stronger. From that point on, bonds were on the back foot, ultimately hitting their weakest levels in the afternoon. Incidentally, this brings 10yr yields right in line with the ceiling of the recent range. Today's video discusses the implications of a potential range breakout, which can mean different things for different people.





Watch the Video

Update

9:55 AM Losing Ground After S&P PMI Data

MBS Morning

12:26 PM Weaker Start as Stock Market Recovery Continues

Alert

2:19 PM Negative Reprice Risk Increasing

Econ Data / Events

- ○ S&P Services PMI
 - 54.3 vs 50.8 fcast, 51.0 prev

Market Movement Recap

- 09:32 AM Moderately weaker over the weekend, but recovering somewhat now. MBS down an eighth and 10yr up 3.5bps at 4.289
- 09:56 AM Some additional weakness after PMI data. MBS down nearly a quarter point and 10yr up 6bps at 4.316
- 02:20 PM 10yr yields are up nearly 8bps at 4.333 and MBS are down nearly 3/8ths after hawkish comments from Fed's Bostic (but not obviously because of Bostic, necessarily).
- 03:48 PM Little changed from previous update and flat since then. MBS down 11 ticks (.34) and 10yr up 7.9bps at 4.334

Lock / Float Considerations

- Although the prevailing sideways range in bonds remains intact, the new week begins with the ceiling potentially being challenged. Such challenges are selling cues for some traders, but others view them

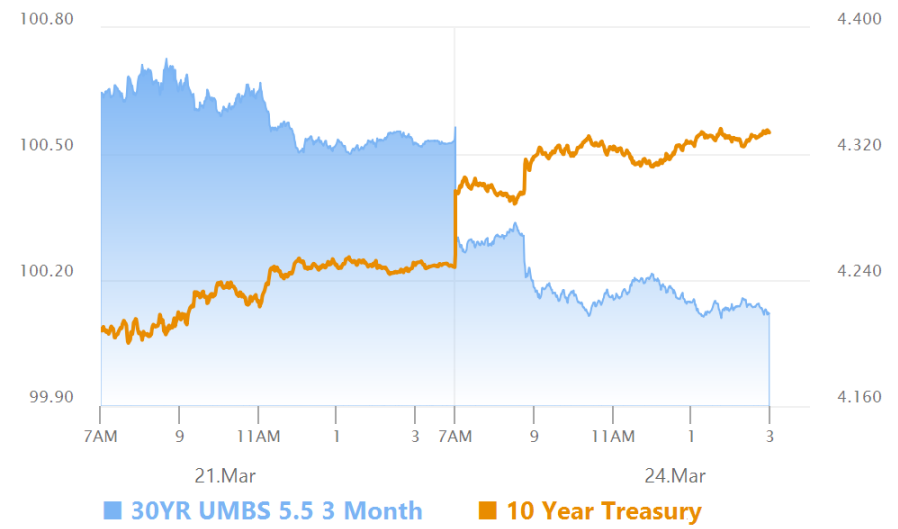
potentially being challenged. Such challenges are selling cues for some traders, but could also be seen as prerequisites for renewed buying demand. We should also consider the possibility of ongoing spillover from the stock market, even though rates' biggest cues will come from data.

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	4.334%	+0.079%
2 YR	4.037%	+0.078%
30 YR	4.659%	+0.068%
5 YR	4.096%	+0.098%

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