

MBS & TREASURY MARKETS

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MBS Recap: Narrow Trading, Weaker Drift; MBS Live Threads Intro

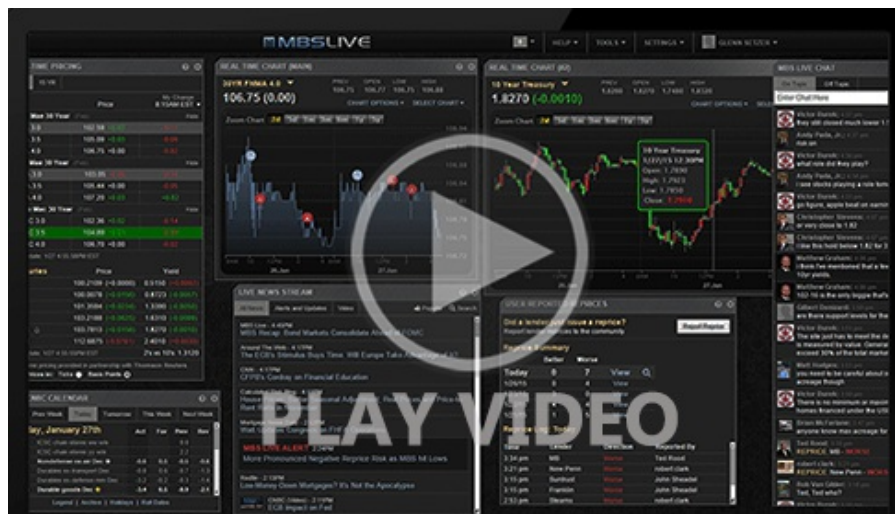


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Narrow Trading, Weaker Drift; MBS Live Threads Intro

MBS Recap Matthew Graham | 5:26 PM

Bonds began the day in weaker territory but found a bit on the latest tariff headlines (bad for stocks, good for bonds). As has been typical of tariff headline reactions, the movement wasn't big and it didn't last long. A ho-hum 5yr Treasury auction paved the way for one last attempt at gains, but bonds gave up in the PM hours with both MBS and Treasuries drifting to their weakest levels of the day. That said, the range is still narrow and nothing of major consequence transpired today. In other news, today's video recap has an introduction to a new MBS Live feature: Threads!



MBS Morning

11:37 AM Yields Pushing Against 1 Month Highs

Alert

4:33 PM MBS at Lows. Negative Reprices Can't be Ruled Out

Econ Data / Events

- ○ Durable Goods
 - 0.9 vs -1.0 f'cast, 3.3 prev

Market Movement Recap

- 09:59 AM Weaker overnight, but flat in early trading. MBS down 2 ticks (.06) and 10yr up 2.5bps at 4.342
- 12:54 PM Some mid-day recovery on tariff headlines (probably). MBS down only 1 tick (0.03) and 10yr up 2.2bps at 4.339
- 04:09 PM Heading out near weakest levels. MBS down an eighth and 10yr up 3.1bps at 4.348

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 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.

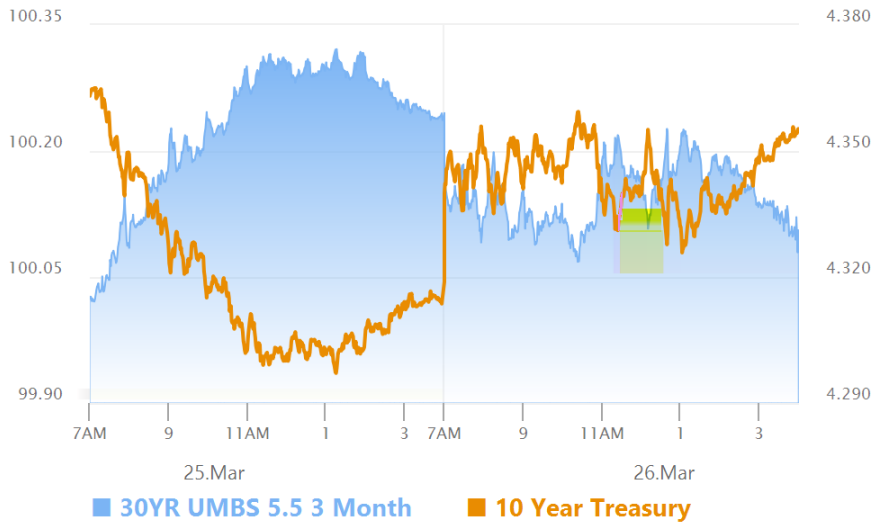
Technicals/Trends in 10yr (why 10yr)

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

- Floor/Resistance

- 4.05
- 4.12
- 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	4.353%	+0.036%
2 YR	4.036%	+0.010%
30 YR	4.702%	+0.040%
5 YR	4.097%	+0.025%

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