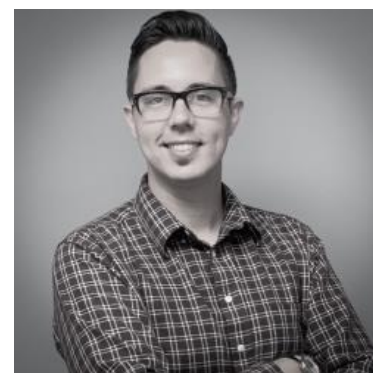


MBS & TREASURY MARKETS

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MBS Recap: Month End Buying Pushes Back on Mid-Day Weakness



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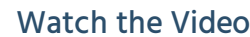


Month End Buying Pushes Back on Mid-Day Weakness

MBS Recap Matthew Graham | 3:48 PM

Bonds began the day in stronger territory as investors reacted to weekend tariff news with a **risk-off** move. Stocks bounced shortly after the NYSE open and bond yields were pulled higher in concert. That prevailing correlation broke down around 3pm due to month/quarter end bond buying (3pm is the official close for bonds, even though trading continues until 5pm). There was no major reaction to econ data or Fed speakers today. The data becomes more relevant in the coming days.





10:34 AM Stronger Start as Tariffs Continue Driving Flight to Safety

11:30 AM MBS Down an Eighth From Rate Sheet Time Frame

12:51 PM Negative Reprices Becoming More Likely

Econ Data / Events

- ○ Chicago PMI
 - 47.6 vs 45.2 f'cast, 45.5 prev

Market Movement Recap

- | | |
|----------|---|
| 09:54 AM | Stronger overnight as stocks continue tanking. MBS up 3 ticks (.09) and 10yr down 2.7bps at 4.208 |
| 11:30 AM | Weakest levels of the day. MBS nearly unchanged and 10yr still down 1.3bps at 4.223 |
| 03:10 PM | Some month/quarter end buying at 3pm helping a modest recovery. 10yr down 0.3bps at 4.232. MBS unchanged. |

Lock / Float Considerations

- Due to potential distortions from month/quarter-end trading, the momentum that we're seeing at the end of March shouldn't be taken as a sign of things to come in early April. If the resilience is to continue, it would require support from weaker economic 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	4.220%	-0.015%
2 YR	3.896%	-0.002%
30 YR	4.585%	-0.039%
5 YR	3.961%	-0.022%

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