

# MBS & TREASURY MARKETS

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



Charles Davis

EDGE Home Finance Corporation

[www.edgehomefinance.com](http://www.edgehomefinance.com)

M: (303) 870-6165

284 Spongecake Drive  
Hardeeville SC 29927  
1740379



## 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.

## Technical/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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