

MBS & TREASURY MARKETS

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MBS Recap: Data Helped, But Wild Cards Remain on Deck



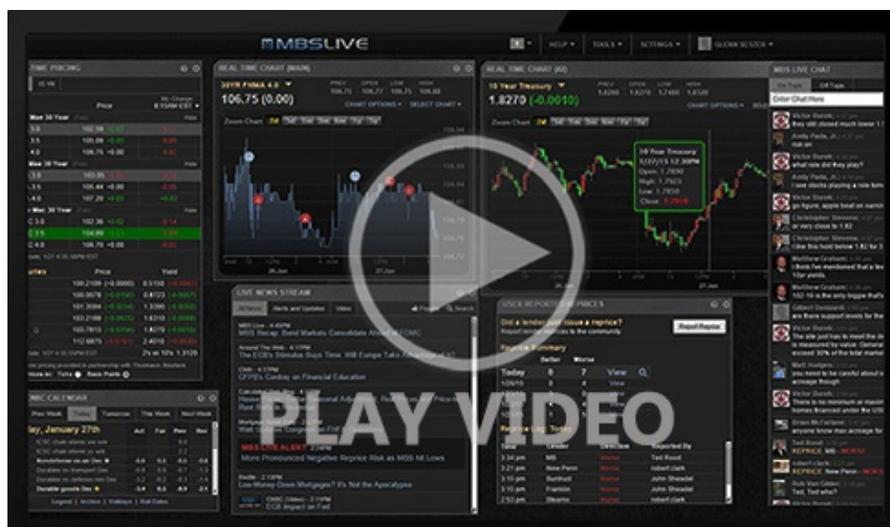
Matt Graham
Founder and CEO, MBS Live



Data Helped, But Wild Cards Remain on Deck

MBS Recap | Matthew Graham | 4:18 PM

This morning's economic data wasn't immediately and obviously worthy of credit for the bond rally that followed, largely because the bond rally that followed was fairly small. Most of the day's gains were in place beforehand. The data (lower ISM/employment, job openings, and job quits) helped keep bonds near the stronger end of the day's range, and thus, the stronger end of the 5 week range. There's more data on Wednesday, but the biggest wild card may be the long-awaited tariff announcement in the afternoon.



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Econ Data / Events

- ○ ISM Manufacturing
 - 49.0 vs 49.5 f'cast, 50.3 prev
 - Prices 69.4 vs 65.0 f'cast
 - Employment 44.7 vs 47.6 prev
- Job openings (lower = better for rates)
 - 7.568m vs 7.630m f'cast
- Job Quits (lower = better for rates)
 - 3.195m vs 3.266m prev

Market Movement Recap

- 10:05 AM Stronger overnight and at best levels after 10am data. MBS up 6 ticks (.19) and 10yr down 5.1bps at 4.154
- 12:55 PM Sideways and slightly choppy all morning. MBS still up 6 ticks (.19) and 10yr down 4.6bps at 4.161
- 04:07 PM Still flat. MBS up 6 ticks (.19) and 10yr down 4.1bps at 4.165.

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")
 - 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	4.166%	-0.041%
2 YR	3.874%	-0.012%
30 YR	4.525%	-0.050%
5 YR	3.916%	-0.035%

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