

MBS & TREASURY MARKETS

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MBS Recap: Late Day Volatility on Tariff Speech

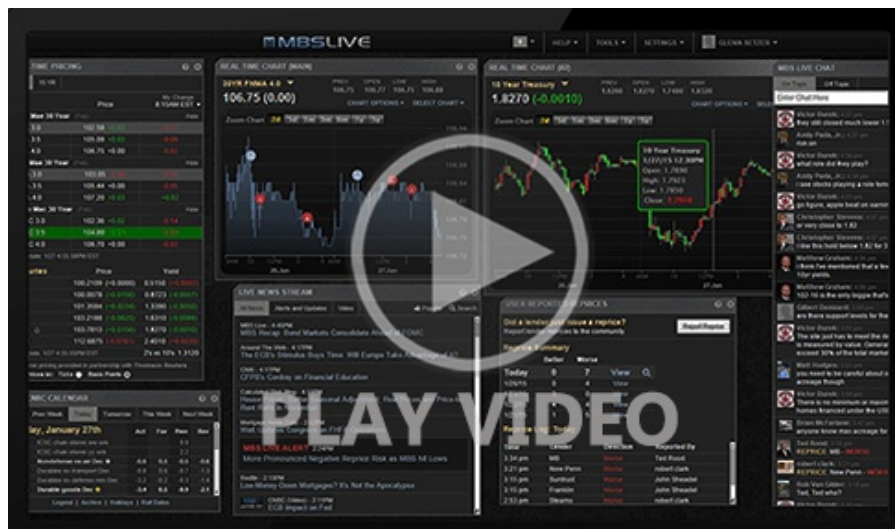


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Late Day Volatility on Tariff Speech

MBS Recap | Matthew Graham | 5:43 PM

The long-awaited tariff speech took markets for a ride in both directions this afternoon. After the dust settled, the net effect was "buy bonds, sell stocks." Notably, that was a sharp departure from the initial net effect during the early part of Trump's speech. The ultimately friendly result was enough to get Treasuries back into positive territory and for MBS to get sorta close. In the bigger picture, the volatility didn't really matter as both stocks and bonds remained in the same old ranges.



Update

8:18 AM Minimal Reaction to Stronger ADP Employment

Alert

11:05 AM MBS Down an Eighth From AM Highs

MBS Morning

12:06 PM Choppy, But Sideways Morning Leaves Focus on Afternoon Headlines

Alert

12:29 PM Negative Reprices Becoming More Likely

Alert

4:18 PM New Lows in Response to Tariff Announcement

Update

4:31 PM Bonds Reverse and Move Into Stronger Territory As Trump Says Tariffs are "Half"

Econ Data / Events

- ○ ADP Employment
 - 155k vs 105k f'cast, 77k prev

Market Movement Recap

- 08:23 AM Stronger overnight and no major reaction to ADP data. MBS up an eighth of a point and 10yr down 3.6bps at 4.127
- 11:50 AM Losing ground as stocks rally. 10yr up 1.7bps at 4.179 and MBS unchanged.
- 12:29 PM More weakness. MBS down an eighth of a point now and 10yr up 4.8 bps at 4.21
- 04:19 PM 10yr yields are up 6.7bps at 4.23 and MBS are down 6 ticks (.19) on the day and more than a quarter point from rate sheet print times.

Lock / Float Considerations

Lock / Float Considerations

- Econ data and news headlines have managed to cause small scale volatility, but have fallen short of suggesting a departure from the prevailing range. Risk/reward remains muted until that changes. The best bet for a catalyst remains big ticket econ data like Friday's jobs report or next week's CPI.

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 | 4.157% | -0.005% |
| 2 YR | 3.863% | -0.017% |
| 30 YR | 4.625% | +0.100% |

5 YR

3.858%

-0.067%

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