

MBS & TREASURY MARKETS

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MBS Recap: Heavy Losses as Bonds Brace For Tougher Times



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Heavy Losses as Bonds Brace For Tougher Times

MBS Recap | Matthew Graham | 5:34 PM

This morning's commentary suggested that "liberation day volatility has come and gone." That's true, but now we've moved on to the volatility associated with actual tariff implementations. While there was some hope and even expectation regarding "deals" being worked out, there's been notable escalation with China over the past 24 hours and it's causing issues for bonds for a variety of reasons (detailed in today's video). Inflation is a concern, but not the biggest. On an esoteric note, foreign Treasury demand correlates with import volume, so if tariffs lead to sharply reduced imports from the likes of China, it has implications for Treasury demand in the future. Compounding the problem is that a system that relies more on tariffs for revenue will then have to issue more Treasuries to address shortfalls. Bottom line: unfriendly double whammy for rates, regardless of inflation.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")

- 4.40
- 4.34
- 4.19
- 4.12
- 4.05

- Floor/Resistance

- 3.83
- 3.92
- 3.99

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	4.301%	+0.127%
2 YR	3.730%	-0.031%
30 YR	4.775%	+0.153%
5 YR	3.921%	+0.055%

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