# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

# MBS Recap: Absence Makes the Bonds Grow Stronger



Nickolas Inhelder Mortgage Broker, Aslan Home Lending Corp

www.AslanHLC.com P: (720) 446-8778 M: (858) 229-9533 nick@inhelderinvestments.com

1777 S. Harrison St. Denver CO 80210 2037157 - CO, FL



# Absence Makes the Bonds Grow Stronger

MBS Recap Matthew Graham | 4:38 PM

Bonds improved at a moderate pace for the 2nd day in a row, thus marking the first sustained push back against the recent rate spike. The gains are notable because they are not being driven by any big, new developments on the trade/tariff front. Instead, it is the absence of any such developments that is allowing the market to get back into a relatively calmer groove. That said, we wouldn't take the calm for granted. Bonds have merely moved back to more nimble territory as we wait for more policy clarity.

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#### **MBS Morning**

11:24 AM Now For Something Completely Different: Stronger Start, Lower Volatility

#### Alert

3:56 PM MBS Down Just Over an Eighth From Mid-Day Highs

### Econ Data / Events

#### - • Import Prices

- -0.1 vs 0.0 f'cast, 0.2 prev
- Export Prices
  - 0.0 vs 0.0 f'cast, 0.1 prev
- NY Fed Manufacturing
  - -8.1 vs -14.5 f'cast, -20.0 prev

#### Market Movement Recap

- 10:16 AM Choppy, sideways, but slightly stronger overnight. MBS up 3 ticks (.09) and 10yr down about half a bp at 4.367
- 01:04 PM Gains continue. MBS up a quarter point and 10yr down 5.5bps at 4.32
- 03:13 PM Down an eighth from the best levels of the day, but still up 5 ticks (.16). 10yr down 4bps at 4.333, but up a few bps from best levels.
- 04:34 PM Avoiding further weakness this afternoon. MBS up 5 ticks (.16) and 10yr down 4.4bps at 4.33

## Lock / Float Considerations

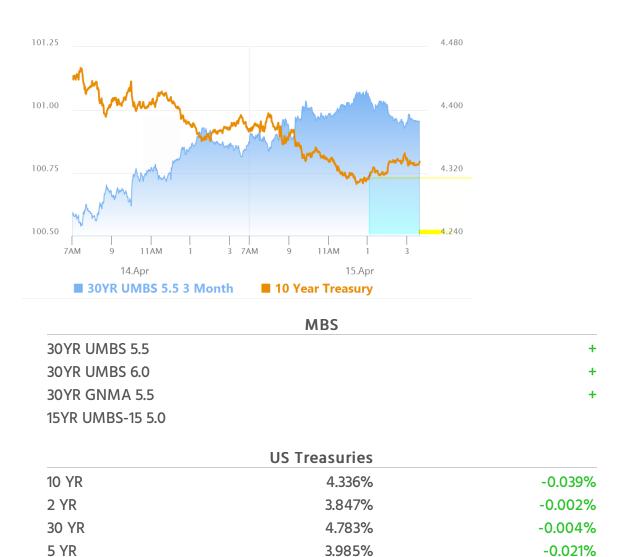
Markets sent a strong message to the administration regarding the implementation of tariff policies and the administration adjusted. Markets have subsequently adjusted back to the pre-tariff range. Volatility risk remains higher than normal and the farther yields fall into the pre-tariff range (roughly 4.15 - 4.40%

in 10yr yield), the more a defensive strategy makes sense.

# Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - ° **4.64**
  - **4.48**
- Floor/Resistance
  - **3.99**
  - ° 4.05
  - ° 4.12
  - **4.19**
  - **4.34**
  - **4.40**

### **MBS & Treasury Markets**



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