

# MBS & TREASURY MARKETS

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## MBS Recap: Absence Makes the Bonds Grow Stronger



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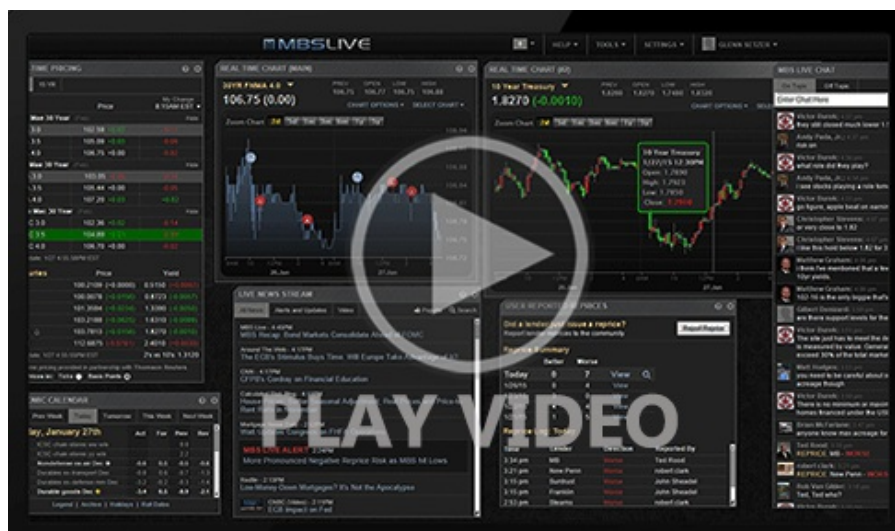
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## Absence Makes the Bonds Grow Stronger

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.



## 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")
  - o 4.64
  - o 4.48
- Floor/Resistance
  - o 3.99
  - o 4.05
  - o 4.12
  - o 4.19
  - o 4.34
  - o 4.40

## MBS & Treasury Markets



### MBS

|               |   |
|---------------|---|
| 30YR UMB 5.5  | + |
| 30YR UMB 6.0  | + |
| 30YR GNMA 5.5 | + |
| 15YR UMB 5.0  |   |

### US Treasuries

|       |        |         |
|-------|--------|---------|
| 10 YR | 4.336% | -0.039% |
| 2 YR  | 3.847% | -0.002% |
| 30 YR | 4.783% | -0.004% |
| 5 YR  | 3.985% | -0.021% |

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