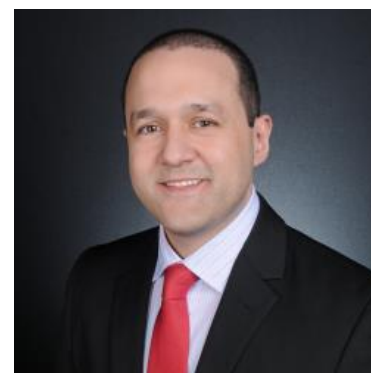


MBS & TREASURY MARKETS

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MBS Recap: Absence Makes the Bonds Grow Stronger



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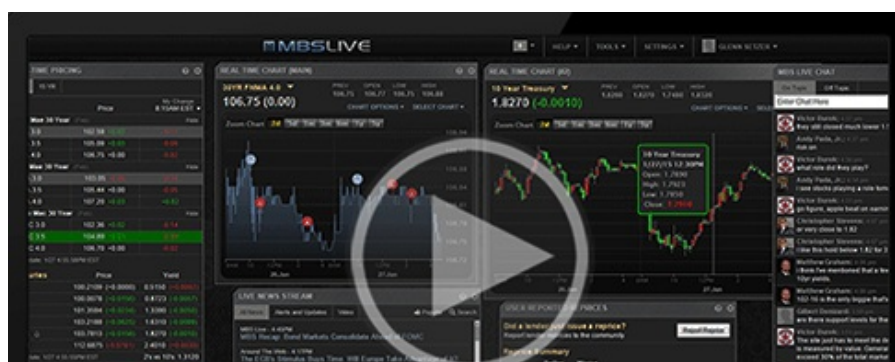
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Absence Makes the Bonds Grow Stronger

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.





Watch the Video

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 fcast, 0.2 prev
- o Export Prices
 - 0.0 vs 0.0 fcast, 0.1 prev
- o NY Fed Manufacturing
 - -8.1 vs -14.5 fcast, -20.0 prev

Market Movement Recap

- 10:16 AM Chippy, 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 UMBS 5.5		+
30YR UMBS 6.0		+
30YR GNMA 5.5		+
15YR UMBS-15 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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