# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

# MBS Recap: Absence Makes the Bonds Grow Stronger



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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.

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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

- o 3.99
- · 4.05
- **4.12**
- **4.19**
- · 4.34
- · 4.40

### **MBS & Treasury Markets**



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**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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