MBS & TREASURY MARKETS

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



4.783%

3.985%

-0.004%

-0.021%

MBS & Treasury Markets

30 YR

5 YR

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