

MBS & TREASURY MARKETS

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MBS Recap: Don't Sweat The Modest Weakness



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Don't Sweat The Modest Weakness

MBS Recap | Matthew Graham | 4:47 PM

Bonds began the day roughly unchanged and very flat for most of the morning. MBS began falling as we moved into the PM hours, ultimately resulting in a handful of negative reprices, about a quarter point of weakness, and a 4+bp jump in Treasury yields. If the frame of reference is limited to the domestic session, this is a moderate sell-off at best, but in the bigger picture, it was not even worth mentioning, let alone considering as a cause of concern. Bonds are heading into the 3 day weekend at much less alarming levels than last week, and with the the same requirement to wait for clarity on fiscal policies before the next major movement is revealed.





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MBS Morning

10:45 AM Slow Start, Narrowest Range, Early Close

Alert

12:32 PM Weakest Levels Of The Day

Econ Data / Events

- - o Jobless Claims
 - 215k vs 225k f'cast, 224k prev
 - o Philly Fed
 - -26.4 vs 2.0 f'cast, 12.5 prev
 - o Philly Fed Prices
 - 51.0 vs 48.3 prev
 - o Philly Fed New Orders
 - -34.2 vs 8.7 prev

Market Movement Recap

- 08:43 AM Initially weaker overnight, then reversing into U.S. hours. Slightly stronger after data. MBS down 1 tick (.03) and 10yr up 0.7bps at 4.285
- 12:37 PM Weakest levels now. MBS down an eighth and 10yr up 5.1bps at 4.329

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



MBS

30YR UMBS 5.5
30YR UMBS 6.0
30YR GNMA 5.5
15YR UMBS-15 5.0

US Treasuries

10 YR	4.326%	+0.048%
2 YR	3.800%	+0.026%
30 YR	4.800%	+0.070%
5 YR	3.939%	+0.038%

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