

MBS & TREASURY MARKETS

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MBS Recap: Broadly Sideways Despite Intraday Volatility



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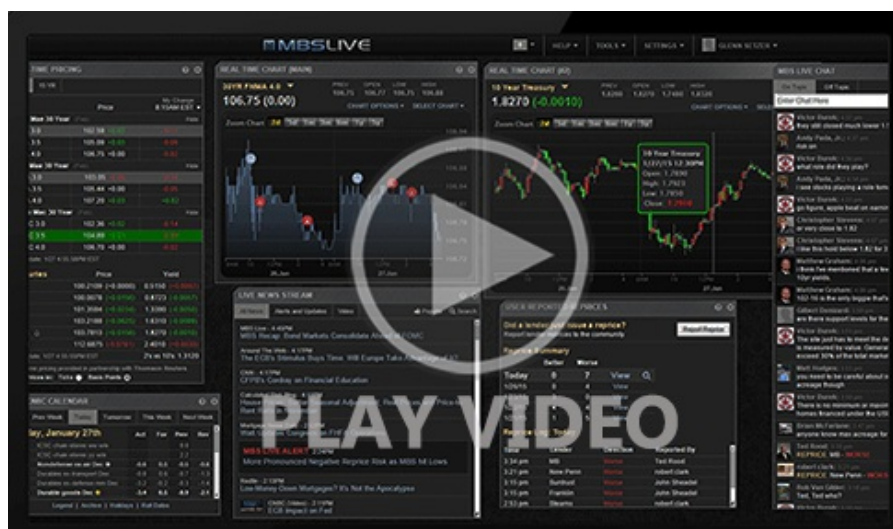
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Broadly Sideways Despite Intraday Volatility

MBS Recap | Matthew Graham | 4:36 PM

Shorter term bonds lost ground today while longer term bonds and MBS managed a modest victory. While this isn't really a victory considering the mixed performance, it was better than a sharp stick in the eye. Moreover, MBS were able to outperform--something that is not at all uncommon on the first few days of a Treasury auction week. In the bigger picture, yields are hugging the upper boundary of a trend that would seem fairly boring and only slightly weaker over the past few months after breaking sharply below and above that trend after the tariff announcement drama.



Watch the Video

Econ Data / Events

- ○ Leading Indicators
 - -0.7 vs -0.5 f'cast, -0.3 prev

Market Movement Recap

- 09:50 AM Moderately stronger overnight after initial weakness. MBS up 5 ticks (.16) and 10yr down 4.378.
- 01:15 PM Fairly weak 2yr auction. Some additional selling, but still stronger on the day. MBS up 6 ticks (.19) and 10yr down 2.2bps at 4.387
- 03:30 PM Sideways near same levels. MBS up 5 ticks (.16) and 10yr down 1.5bps at 4.395

Lock / Float Considerations

- Rates/bonds find themselves in the unfortunate and frustrating position of being more prone to react to fiscal headlines than to economic data. This means that things may look fairly calm at times when headlines are uneventful, but volatility can pop at a moment's notice if the headlines pick back up. Clarity on tariffs/trade and the status of Fed Chair Powell's tenure will be needed in order to move past this period of elevated directional risk for rates.

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

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	4.400%	-0.010%
2 YR	3.817%	+0.050%
30 YR	4.881%	-0.019%
5 YR	3.991%	+0.014%

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