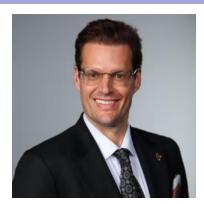
MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Solid Bond Rally For Debatable Reasons



Sean A. Stephens, Esq., CMB® Attorney, Broker to Banker Consulting, LLC www.BrokerToBankerConsulting. com



Solid Bond Rally For Debatable Reasons

MBS Recap Matthew Graham | 4:25 PM

Bonds improved moderately well overnight and added to those gains steadily during the domestic session. Ask 10 traders why and you might not get 10 different answers, but it would be at least 5. Improvement in the tariff outlook is a common refrain, but forex markets suggest that's not a huge motivation. Still, one could argue that a more sober approach is restoring some confidence for bond traders. One could also argue that traders are positioning for economic fallout with next week being the big week for econ data. Then there's the notion that moving through the Treasury auction cycle was helpful, but it's not as if traders didn't know that ahead of time. Last but not least, a comment from Fed's Hammack (saying the Fed could move in June) did align with some of this morning's improvement, but not in a way that accounts for an entire day's worth of gains. Perhaps we'll have to dust off the "no news is good news" thesis and simply conclude it makes sense for bonds to be consolidating in the pre-tariff range until we get a clearer sense of policy and the economy's response to it.

	a production and						
			MMBSLIVE		II * 107*	100.5 * SCIINGS * 🔝 GLO	
THE PRO	CING .	0.0	REAL THE CHART MAN	0.0	HEAL THE CHART (40)		MES LIVE OWN
11.18				10 Line mile	to test theory *	Page often the same	COLUMN OF MAL
		No-Dente RYSAM (ST +		ornowi - Mutchowit-	1.8270 (-0.0010)	LIDE LIDE LIDE LIDE CONTONE	
Res 10 Yes			June Charl 24 THE THE THE THE TYPE	100	Incompany of the life	The second real real	The bar Dariely of the second second barrier to
	NO IN LESS	100					Anty Parls, July 1 17 yrs.
							And and a set of the set
						10 Fear Descary	The state based a local
fee 18 Tee		100	100	104.00		Cone 1,700	Are and the set has part
	10.01		11.00	A Sector Mary	CO.C.	Bas 1247	AND DAMA PARA, ALL CALLS
	105.44.40.00					Lew 17/000	2 ²⁴ Case stores playing a rule to
48						Que 1288	an figure, appendend of each
Ref 20 To							Charlestander Einenen
							ar way close to 1.82
	104.88 -175			A second		Sus/	Christopher Mexessol 417
						100	The first his host being 1.82 for
			See through the state	Sec. 1			Butters Costers 1 1 1 pr

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.



Watch the Video

Update

8:48 AM Overnight Gains and Uneventful Data

MBS Morning

12:19 PM Bigger Picture Starting to Look More Normal

Econ Data / Events

- Jobless Claims
 222k vs 222k f'cast, 216k prev
 - Continued Claims
 - 1841k vs 1880k f'cast, 1878k prev
 - Durable Goods
 9.2 vs 2.0 f'cast, 0.9 prev
 - Core Durable Goods
 - 0.1 vs 0.2 f'cast, -0.3 prev

Market Movement Recap

- 08:58 AM Stronger overnight with additional gains after uneventful data. MBS up a quarter point and 10yr down 6+bps at 4.32
- 01:09 PM No major reaction to ho-hum 7yr auction. 10yr yields down 7.7bps at 4.312 and MBS up 3/8ths of a point.
- 03:33 PM Best levels of the day. MBS up nearly half a point and 10yr down 8bps at 4.31

Lock / Float Considerations

Rates/bonds are still highly susceptible to big announcements on tariffs and other fiscal matters, but the willingness to panic is gradually subsiding as reality comes into focus as something likely less onerous than initially thought. We've also seen recent examples of a willingness to react to economic data, and we expect traders to focus heavily on any evidence of tariff-driven price pressure. Although volatility risks are somewhat lower than they were over the past 3 weeks, they're still elevated relative to the baseline. Broader momentum remains debatable and dependent on factors that have yet to be determined (persistence of inflation, economic impact of tariffs, fiscal policy).

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 Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

15YR UMBS-15 5.0

	US Treasuries			
10 YR	4.310%	-0.079%		
2 YR	3.788%	-0.089%		
30 YR	4.767%	-0.056%		
5 YR	3.928%	-0.078%		

Open Dashboard

Share This