# MBS Recap: Eerily Calm and Strong For 2nd Straight Day

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## Eerily Calm and Strong For 2nd Straight Day

MBS Recap Matthew Graham | 5:08 PM

After being heavily conditioned to expect elevated volatility with unpredictable timing, the past two trading sessions have been tremendous departures from the norm. Both days featured linear, reasonably big improvements without any singular flashpoints that deserve any more credit than a general sense of cooler heads prevailing on the policy-making front. Indeed, when the week ends with Trump saying "we will be reasonable on tariffs" as opposed to doubling down on triple digit brinksmanship, something has certainly changed and both sides of the market are looking relieved.

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## MBS Morning

10:34 AM Data Free Friday. Heavy Data Next Week

## Econ Data / Events

- Consumer Sentiment (revision/final)
  - 52.2 vs 50.8 f'cast
  - 1yr inflation 6.5 vs 6.7 f'cast
  - 5yr inflation 4.4 vs 4.4 f'cast

## Market Movement Recap

09:58 AM Modestly stronger overnight and mostly holding gains so far. MBS up 5 ticks (.16) and 10yr down 3.8bps at 4.284

02:19 PM Additional gains and near best levels. MBS up a quarter point and 10yr down 5.6bps at 4.265

04:51 PM Heading out at best levels, MBS up 3/8ths and 10yr down 7bps at 4.25.

## Lock / Float Considerations

- The shift away from triple digit tariff brinksmanship has coincided with a calmer, stronger trading pattern in both stocks and bonds. We'd view this in the context of a range trade for now. i.e. if yields are closer to the lows from March, we'd feel more defensive while yields near April's highs could look more like an opportunity. The coming week brings some legitimate dependence on econ data and other scheduled events (like Treasury refunding announcements) on all 5 days. As such overnight floating carries increased risk.

## Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.64
  - 4.48

Floor/Resistance

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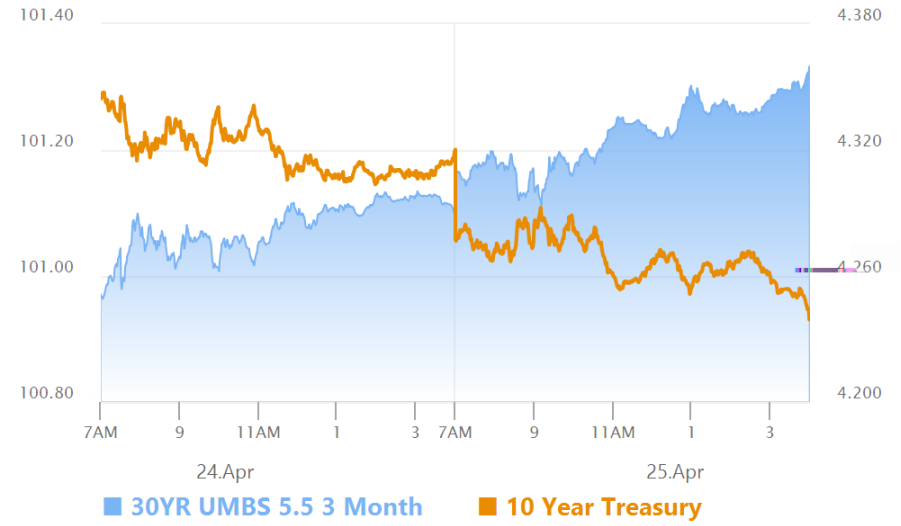
- Floor/Resistance
  - 3.99
  - 4.05
  - 4.12
  - 4.19
  - 4.34
  - 4.40

## 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 | 4.237% | -0.084% |
| 2 YR | 3.740% | -0.057% |
| 30 YR | 4.704% | -0.068% |
| 5 YR | 3.863% | -0.070% |

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