

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Trading Range Restored. Big Data on Deck



**Drew Stiegemeier**

Mortgage Banker, Frontier Mortgage

[frontierhomemortgage.com/drew](http://frontierhomemortgage.com/drew)

**P:** (636) 898-0888

**M:** (618) 779-7507

1406168

**Frontier**  **Mortgage**



**Mike Mihelcic**

Associate, Re/Max Alliance

[www.remax.com/.../102293806](http://www.remax.com/.../102293806)

**P:** (618) 656-2111

**M:** (618) 339-5752

[remaxmike2012@gmail.com](mailto:remaxmike2012@gmail.com)

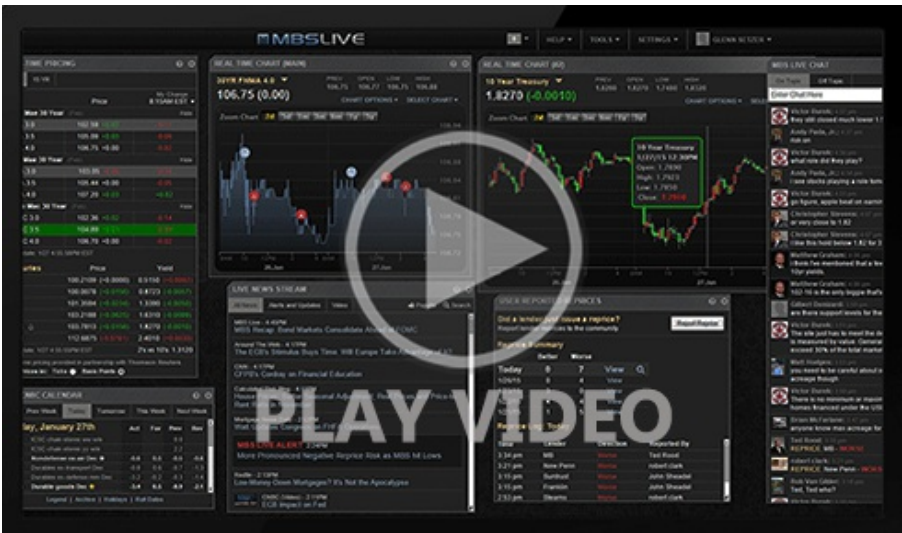
1121 University Drive  
Edwardsville IL 62025



## Trading Range Restored. Big Data on Deck

**MBS Recap** | Matthew Graham | 4:19 PM

Today's trading was almost a carbon copy of yesterday's with overnight losses, an AM reversal, and gradual improvement that leveled off in the PM hours. With those gains, 10yr yields made a full round trip back to the lower boundary of the pre-tariff trading range of 4.19-4.34. That doesn't mean anything about the future, but it's an interesting reflection on the recent past. White House comments on Amazon hit stocks early, but everything bounced back even before Amazon clarified its position. Econ data helped bonds hold or add to gains (Confidence and Job Openings). Data gets incrementally more important over the next 3 days, and volatility gets incrementally more likely to pick back up.



Watch the Video

## MBS Morning

10:50 AM Bonds Erase Overnight Weakness With Help From Tariff Talk and Data

3:54 PM

## Econ Data / Events

- ○ Wholesale Inventories
  - 0.5 vs 0.7 f'cast, 0.3 prev
- Job Openings
  - 7.192m vs 7.48m f'cast 7.48m prev
- Consumer Confidence
  - 86.0 vs 87.5 f'cast, 92.9 prev

## Market Movement Recap

## Market Movement Recap

- 08:49 AM Modestly weaker overnight and little-changed so far this morning. MBS down an eighth and 10yr up 2.2bps at 4.229
- 09:50 AM Additional gains. 10yr down 1bp at 4.198 and MBS unchanged.
- 02:03 PM Holding sideways at best levels. MBS up an eighth and 10yr down 3.7bps at 4.171

## 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. Data dependence is still a thing--especially this week with several big ticket reports yet to be released. As such overnight floating carries increased risk.

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

- **Ceiling/Support** (can be used as "lock triggers")
  - o 4.64
  - o 4.48
- **Floor/Resistance**
  - o 3.99
  - o 4.05
  - o 4.12
  - o 4.19
  - o 4.34
  - o 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	4.175%	-0.033%

2 YR	3.657%	-0.036%
30 YR	4.649%	-0.035%
5 YR	3.773%	-0.032%

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