# MBS & TREASURY MARKETS

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# MBS Recap: Selling Spree Continues, But Gently



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# Selling Spree Continues, But Gently

MBS Recap Matthew Graham | 4:29 PM

Bonds were focused on this morning's ISM Services Index with some traders waiting to see more evidence of economic fallout from tariff-related uncertainty. Instead, the index moved slightly higher and was rather uneventful by the time all sub-components were considered. Not enough fuel there for bond bulls, so the bears kept the 3 day selling spree going, ultimately getting 10yr yields back over the 4.34 technical level that got so much play time in March.

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#### Update

9:02 AM Slightly Weaker After Corporate Issuance Announcement

Alert

10:05 AM Losing Ground After ISM Data

**MBS Morning** 

10:29 AM Another ISM Report That Wasn't Weak Enough to Help Bonds

3:59 PM

#### Econ Data / Events

- • ISM Services
  - 51.6 vs 50.6 f'cast, 50.8 prev
  - ISM Prices
    - 65.1 vs 60.9 prev
  - ISM Employment
    - 49.0 vs 46.2 prev

#### Market Movement Recap

- 09:36 AM stronger overnight, but modestly weaker in early trading. MBS down 2 ticks (.06) and 10yr up 1.3bps at 4.324
- 10:29 AM Additional weakness after ISM data. 10yr up 3.7bps at 4.346. MBS down an eighth of a point.
- 11:12 AM Bouncing back a bit. MBS down only 3 ticks (.09) and 10yr up 1.8bps at 4.329
- 01:39 PM 10yr up 5.5bps at 4.366 and MBS down nearly a quarter point.
- 03:17 PM Nice little bounce off the weakest levels. MBS down 2 ticks (.06) and 10yr up 2.8bps at 4.338

## Lock / Float Considerations

Bonds continued into weaker territory to start the new week and if data is any indication, it's not yet time to bank on a big data-driven rally. Conversely, there's enough potential fallout from tariff-related uncertainty to keep bond bears from getting too carried away. Near-term momentum is just as likely to be driven by Treasury auctions and Fed-speak as anything else. In the bigger picture, it's easier to make a case for a broadly sideways range as opposed to one that is trending convincingly in either direction.

## 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**

| 10 YR | 4.349% | +0.038% |  |  |
|-------|--------|---------|--|--|
| 2 YR  | 3.841% | +0.017% |  |  |
| 30 YR | 4.835% | +0.050% |  |  |
| 5 YR  | 3.945% | +0.030% |  |  |
|       |        |         |  |  |

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