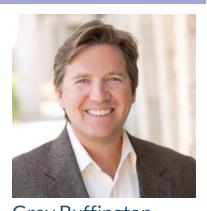
MBS & TREASURY MARKETS

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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.





Watch the Video

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

- O 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	Nico little bounce off the weakest levels. MPS down 2 ticks (06) and 10 vr up 2 9 bps at 4 229	

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
 - 0 4.48
- Floor/Resistance
 - 0 3.99
 - 4.05
 - o 4.12
 - o 4.19
 - 0 4.34
 - o 4.40

MBS & Treasury Markets



30YR UMBS 5.5

30YR UMBS 6.0

30YR GNMA 5.5

15YR UMBS-15 5.0

US Treasuries			
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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