

MBS & TREASURY MARKETS

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MBS Recap: Selling Spree Continues, But Gently



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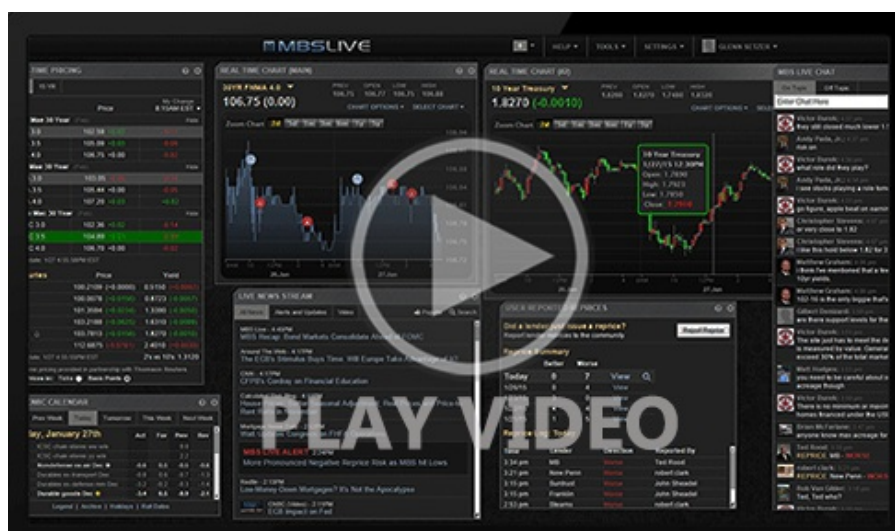
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Selling Spree Continues, But Gently

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.



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

- 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")
 - 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	4.349%	+0.038%
2 YR	3.841%	+0.017%

30 YR

4.835%

+0.050%

5 YR

3.945%

+0.030%

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