

# MBS & TREASURY MARKETS

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## MBS Recap: Bonds End Almost Perfectly Flat



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## Bonds End Almost Perfectly Flat

MBS Recap | Matthew Graham | 5:05 PM

There are two kinds of rate/bond watchers today: those who tuned in late in the day to see bonds almost perfectly unchanged and those who were tuned in through the mild volatility this morning. The former group would simply shrug and go back to whatever it was they were doing while the latter might be frustrated to see bonds losing ground on a morning where inflation came in lower than expected. For the frustrated crowd, this was the plan for today--the asymmetric risk discussed yesterday. A decent result was never likely to help bonds. The subsequent weakness was driven by other factors, not CPI (risk-on trading and a series of tariff headlines from China). Even then, unchanged is unchanged.





## Lock / Float Considerations

- Bonds/rates find themselves in the unpleasant position of not knowing where their next big impetus for improvement will come from. While it's true that rates can fall despite an obvious catalyst, this is nonetheless not a float-friendly environment. The only foreseeable exceptions would be for seriously weak economic data and another big dip in stocks.

## 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         | 4.469% | -0.001% |
| 2 YR          | 4.006% | +0.007% |
| 30 YR         | 4.907% | -0.009% |
| 5 YR          | 4.097% | -0.016% |

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