

# MBS & TREASURY MARKETS

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## MBS Recap: Strongest Close of the Week After Well-Contained Month-End Volatility



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## Strongest Close of the Week After Well-Contained Month-End Volatility

MBS Recap | Matthew Graham | 4:19 PM

There was always a reasonably high bar for today's econ data to have a big impact. When it came out right in line with expectations this morning, that ship sailed. That left the month-end trading environment as the most likely source of inspiration. While we can certainly see some evidence of month-end volatility, it played out in a narrow range. More importantly, it resolved with bonds at the strongest levels of the week, even if by only a small margin.





Watch the Video

## MBS Morning

9:14 AM Ho-Hum PCE Inflation Data Leaves Focus on Month-End Trading

3:42 PM

## Econ Data / Events

- ○ Core PCE monthly
  - 0.1 vs 0.1 f'cast, 0.0 prev
- Core PCE Annual
  - 2.5 vs 2.5 f'cast, 2.7 prev
- Wholesale Inventories
  - 0.0 vs 0.4 f'cast, 0.7 prev

## Market Movement Recap

- 08:40 AM flat overnight and minimal reaction to data. MBS unchanged and 10yr up 1.5bps at 4.435
- 11:31 AM Steady near unchanged levels in MBS. 10yr down 1.2bps at 4.407
- 03:40 PM Best levels of the day, but minimal movement overall. MBS up an eighth and 10yr down 2.1bps at 4.399

## Lock / Float Considerations

- Rates have managed to find support at recent high yields after spending most of May moving decisively higher. Prevailing momentum is sideways in a fairly narrow range in the bigger picture. It continues to be the case that a truly worthwhile rate rally will require sharply weaker economic data, a consistent failure of tariff-driven inflation to materialize, and/or a legitimate reason to expect lower Treasury

issuance.

## 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



### MBS

30YR UMBS 5.5	+
30YR UMBS 6.0	+
30YR GNMA 5.5	+
15YR UMBS-15 5.0	+

### US Treasuries

10 YR	4.401%	-0.019%
2 YR	3.902%	-0.037%
30 YR	4.931%	+0.013%
5 YR	3.964%	-0.042%

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