

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Bonds Dial Back Ahead of Big Jobs Report



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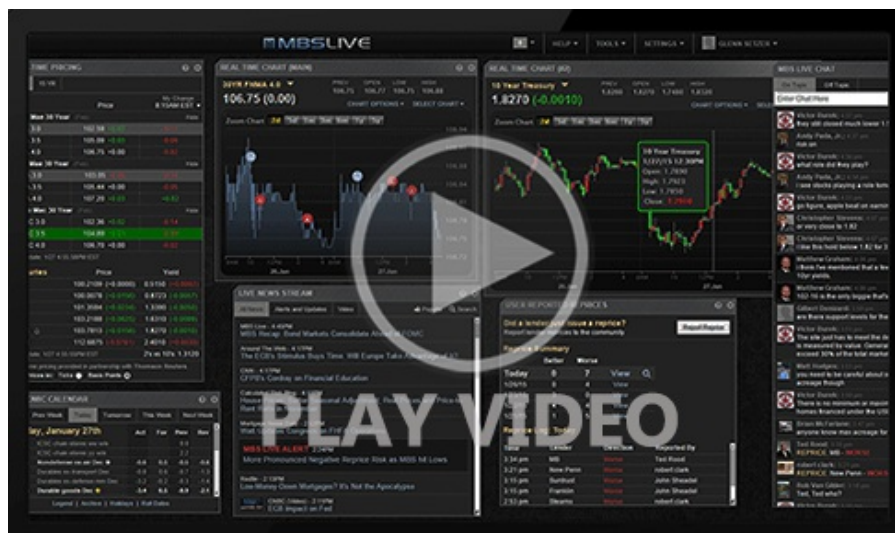
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Bonds Dial Back Ahead of Big Jobs Report

MBS Recap Matthew Graham | 4:04 PM

It was a fairly interesting day for bonds, relative to the calendar of scheduled events. Domestic econ data was unimportant and markets traded accordingly from 8:30-8:45am. At that point, the European Central Bank announcement hit the wires and the takeaway was fairly **hawkish**, despite the rate cut. At the same time, newswires made the rounds regarding a Trump/Xi phone call that could lead to future meetings and improved trade relations--a narrative that's generally produced "risk-on" results for stocks and bonds. Then in the afternoon, stocks pulled back as Trump and Musk exchanged words on social media (TSLA down about 16% on the day). Lastly, we could also be seeing both sides of the market moving to cash to some extent ahead of the jobs report. Either way, the willingness to react to data so far this week means Friday's jobs data should be treated with just as much respect as normal.



[Watch the Video](#)

Alert

9:26 AM Bonds Losing Ground Despite Weaker Claims Data

MBS Morning

10:04 AM Bumpy Start; Data Overshadowed by Other Events

Alert

11:00 AM Bonds Under More Pressure on Trade-Related Headlines

3:54 PM

Econ Data / Events

- ○ Jobless Claims
 - 247k vs 235k f'cast, 239k prev

Market Movement Recap

- 08:42 AM Slightly stronger overnight and little-changed after econ data. MBS up an eighth and 10yr down 3bps at 4.326
- 09:26 AM Losing ground after ECB announcement. MBS down 1 tick (.03) and 10yr up half a bp at 4.36

Lock / Float Considerations

- Rates have managed to find support at recent high yields after spending most of May moving decisively higher. Prevailing momentum has been cautiously bullish since May 22nd, but was just as easy to view as "sideways" until Wednesday's ADP/ISM econ data rally. The playbook for rates is unchanged: it takes legitimately weaker econ data to justify additional gains. With that in mind, Friday's jobs report is still the main event. The market has likely taken a bit of a lead-off due to Wednesday's data, so a paradoxically high NFP number could hurt while a weaker report would have to be unequivocally so in order to keep the good times rolling for rates.

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	4.400%	+0.045%
2 YR	3.931%	+0.057%
30 YR	4.887%	+0.009%
5 YR	3.999%	+0.071%

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