

MBS & TREASURY MARKETS

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MBS Recap: Correction Continues Despite Tariff Announcements



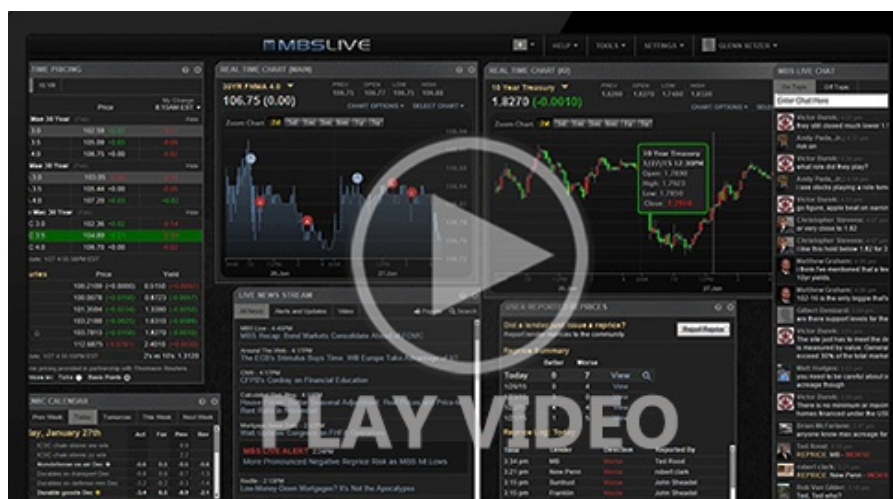
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Correction Continues Despite Tariff Announcements

MBS Recap | Matthew Graham | 4:18 PM

Bonds were moderately weaker to start the day and continued losing ground in the AM hours. Just after noon, new tariff announcements caused a surge of selling in stocks. There was initially some buying in bonds, but not much, and not for long. Tariffs are a double-edge sword for bonds, as we've seen on several occasions over the past few months and today's version was well balanced, ultimately leaving 10yr yields at similar levels before and after the news. Today's weakness adds to the multi-day correction that began last Wednesday and accelerated after Thursday's jobs report. Bond buyers may remain hesitant until getting through more of this week's Treasury auction cycle.



MBS Morning

10:16 AM Slow Start; Light Calendar This Week

3:26 PM

Market Movement Recap

- 09:57 AM Modestly weaker overnight with MBS down less than an eighth and 10yr up 2bps at 4.367
- 11:09 AM Steady weakness continues. MBS now down 5 ticks (.16) and 10yr up 3.4bps at 4.38
- 02:16 PM Holding sideways near weakest levels in the PM hours. MBS down 5 ticks (.16) and 10yr up 4.6bps at 4.392
- 04:03 PM Still sideways near weakest levels. MBS down 6 ticks (.19) and 10yr up 4bps at 4.387

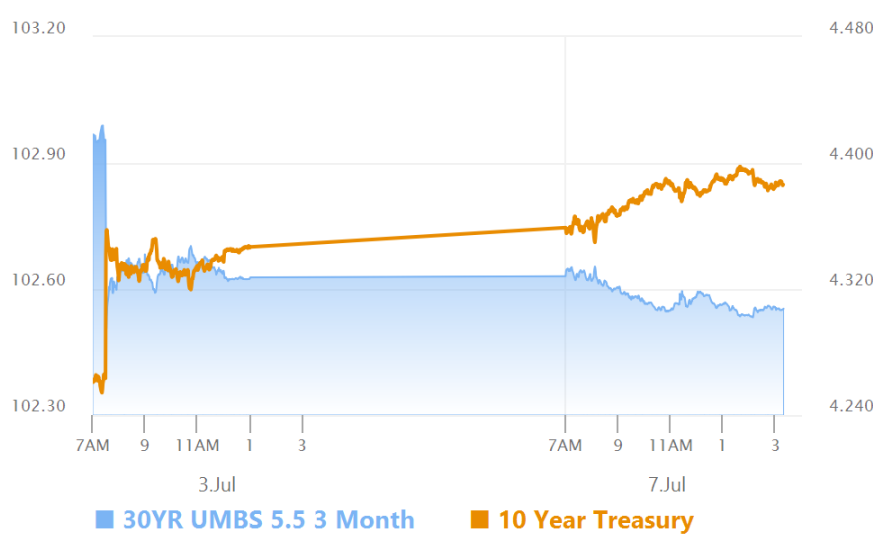
Lock / Float Considerations

- Follow-through is always a risk when a strong jobs report pushes back against a prevailing rally trend. That's what we saw at the start of the new week, but not in any extreme sense. Bonds are behaving fairly logically here. Unfortunately, there's not much on the calendar to fuel additional logical cause/effect. Bigger risks await with next week's data. The present week is more of a placeholder. The recent end of a rally trend would have us feeling a bit more defensive until this correction has clearly run its course.

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

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	4.386%	+0.040%
2 YR	3.899%	+0.016%
30 YR	4.918%	+0.055%
5 YR	3.960%	+0.024%

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