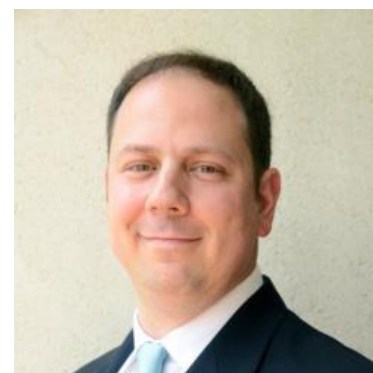


MBS & TREASURY MARKETS

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MBS Recap: Seriously... No One Seems to Know



Michael Levine
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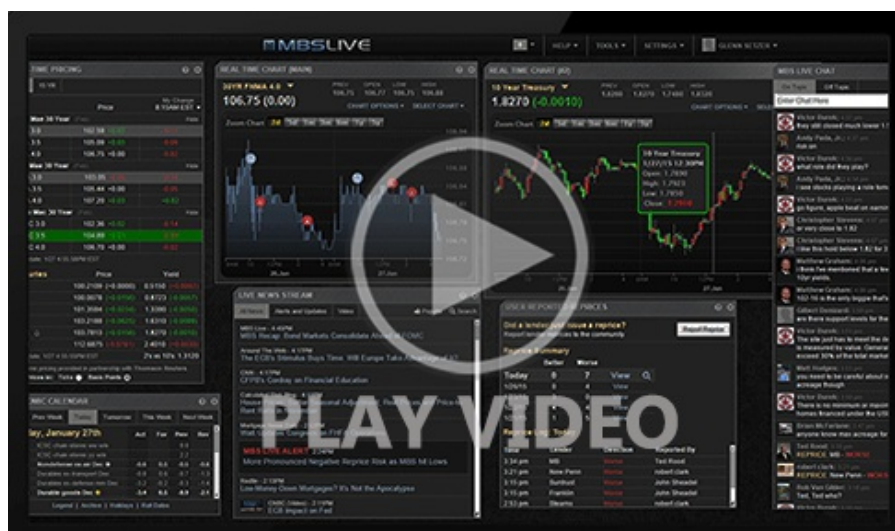
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307827

Seriously... No One Seems to Know

MBS Recap | Matthew Graham | 4:14 PM

Today's most prominent feature was a large, rapid move in Fed Funds Futures and other short-term rate metrics. Longer term rates benefited as well, but short term rates clearly led the rally. The issue is that there was no obvious catalyst. Some reports suggested "regional bank fears," but it's hard to document that with the timing of market movement. Other considerations may include comments from Fed's Waller, but those were over 2 hours before the bond rally. To be sure, regional banks had a terrible day, but there too, the biggest volume and volatility transpired about 2 hours before the move in Fed Funds Futures. Whatever the truest, most nitty-gritty catalyst, we'll take it!



MBS Morning

9:40 AM Block Trades Setting The Tone After Mostly Data-Free Morning

Update

12:43 PM "Something" Happening in Stocks/Bonds; Best Levels of The Day

3:54 PM

Econ Data / Events

- ○ NY Fed Manufacturing
 - 10.7 vs -1.0 f'cast, -8.7 prev

Market Movement Recap

08:59 AM Slightly stronger overnight and limited reaction to Philly Fed. MBS up 1 tick (.03) and 10yr down 1.3bps at 4.016

09:11 AM Quick reversal after 10s hit 4.0%. Now up half a bp to 4.034. MBS down a quick 3 ticks (.09) and just over an eighth from AM highs.

11:43 AM Bouncing back a bit now. MBS unchanged and 10yr down nearly 1bp at 4.019

01:12 PM Big mystery rally from 12:15 to 12:45. 10yr down 3.8bps at 3.991. MBS up and eighth.

03:53 PM Near best levels. MBS up 6 ticks (.19) and 10yr down 5.6bps at 3.973

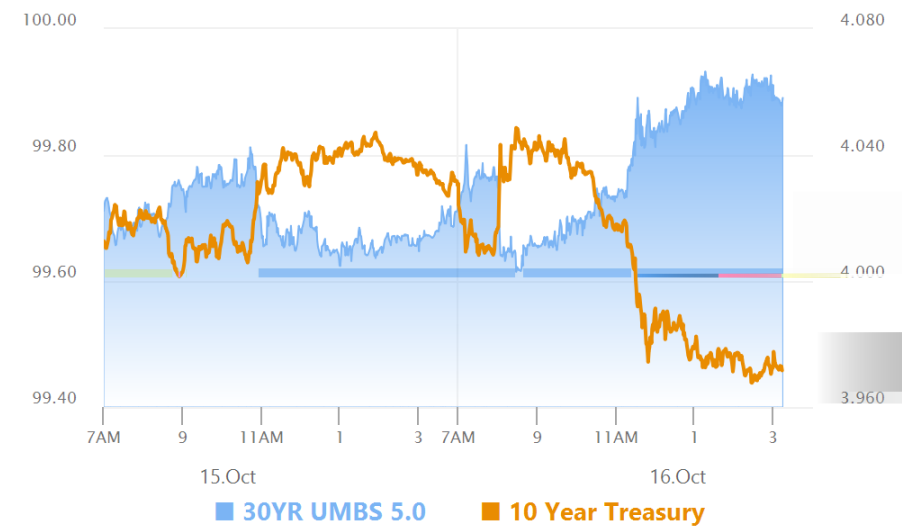
Lock / Float Considerations

- As rates continue flirting with longer-term lows, risk-averse clients remain in lock mode. Meanwhile, risk-tolerant clients continue to enjoy the absence of any major corrections as they wait for more negative volatility to force their hand. The trend is your friend until it's not.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.48
 - o 4.40
 - o 4.34
 - o 4.28
 - o 4.19
- Floor/Resistance
 - o 3.89
 - o 3.99
 - o 4.05
 - o 4.12

MBS & Treasury Markets



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

US Treasuries		
10 YR	3.972%	-0.058%
2 YR	3.418%	-0.082%
30 YR	4.586%	-0.041%
5 YR	3.544%	-0.076%

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