

MBS & TREASURY MARKETS

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MBS Recap: Logical Pull-Back on Tamer Tariff Talk, But Mortgages Outperform



Lance Levin

JFQ Lending

JFQLending.com

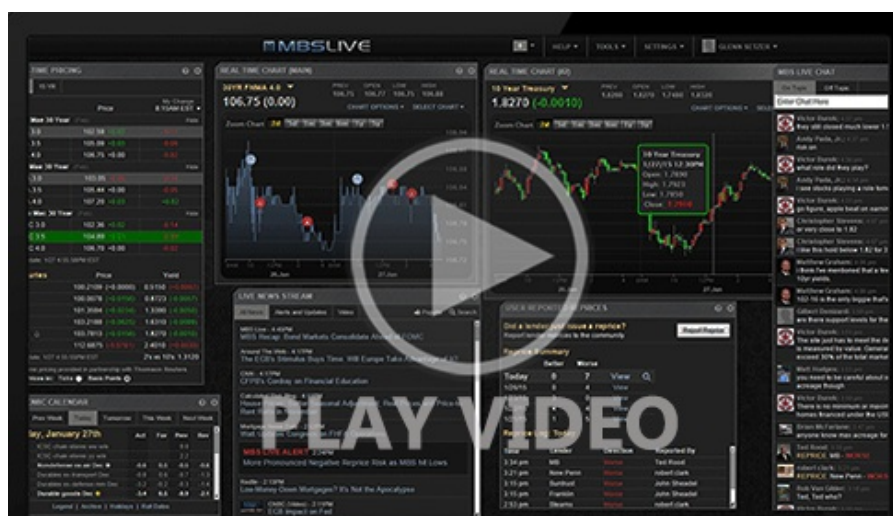
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Logical Pull-Back on Tamer Tariff Talk, But Mortgages Outperform

MBS Recap | Matthew Graham | 5:00 PM

If there was only one event to be aware of on Friday, it was a Trump comment around 7:10am ET in which The President said that the recently-announced 100% tariff on China was probably not sustainable. Stocks, bond yields, and volumes spiked instantly and nothing much happened for the rest of the day. Fortunately for the bigger picture, Thursday's mid-day drama caused a big enough bond rally that Friday's pull-back only managed to erode about half the gains. The news is even better for mortgage rates. Lenders had a big enough cushion from Thursday's volatility that Friday's pull-back merely resulted in rates holding steady on average. That means the average lender is fairly close to September's lows which are close enough to the lowest rates in 3+ years.



MBS Morning

11:53 AM Bonds Partially Unwinding Yesterday's Liquidity Panic

2:29 PM

Econ Data / Events

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

Market Movement Recap

10:51 AM Slightly weaker overnight. MBS down an eighth and 10yr up 4.1bps at 4.011

02:20 PM Slight recovery, but mostly flat all day. MBS down 1 tick (.03) and 10yr up 3.1bps at 4.00

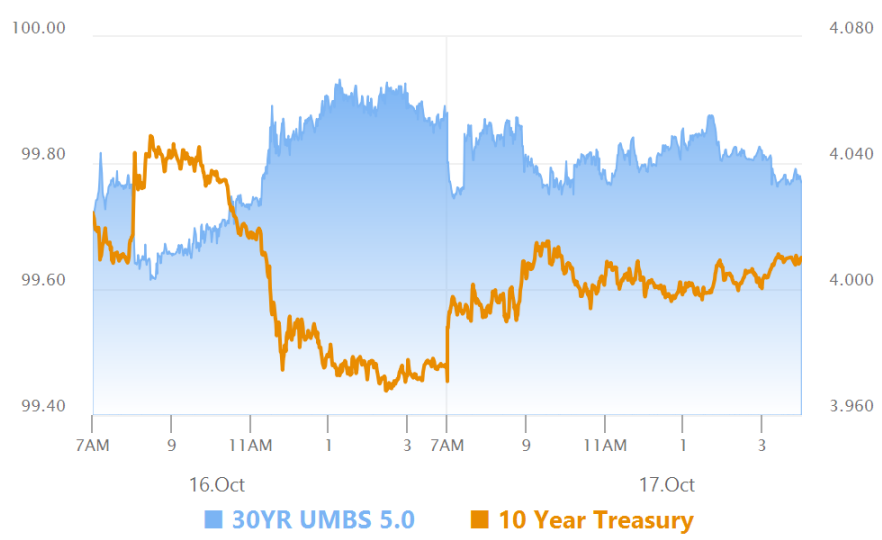
Lock / Float Considerations

- 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")
 - 4.48
 - 4.40
 - 4.34
 - 4.28
 - 4.19
- Floor/Resistance
 - 3.89
 - 3.99
 - 4.05

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	4.009%	+0.040%
2 YR	3.459%	+0.037%
30 YR	4.607%	+0.024%
5 YR	3.593%	+0.048%

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