

MBS & TREASURY MARKETS

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UPDATE: MBS Surge Following Trump Comments

The newswire in question:

TRUMP: INSTRUCTING MY REPRESENTATIVES TO BUY \$200 BLN DOLLARS IN MORTGAGE BONDS

The reaction:



Julian Hebron
Founder, The Basis Point
<https://thebasispoint.com/>
San Francisco CA



We don't know exactly how this will play out yet, but MBS traders are clearly willing to react this afternoon. Based on the fact that there's almost exactly \$200bln of balance sheet room for the GSEs, this doesn't seem like a random, spur of the moment comment.