



MBS Recap: Bonds Recovering a Bit After "Framework of a Deal" on Greenland



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Bonds Recovering a Bit After "Framework of a Deal" on Greenland

MBS Recap | Matthew Graham | 3:44 PM

Geopolitics have been front and center for financial markets over the past 2 days with both stocks and bonds taking clear cues from newswires pertaining to tariff brinksmanship, trade deal negotiations, foreign wealth fund participation, and ultimately, the late-day announcement of a "framework of a deal" regarding Greenland. Details are in short supply, but the most important development being a pause on the plan to implement new tariffs on February 1st. Markets are cautiously trading this as a win for now with stocks and bonds at the best levels of the week, but definitely not back in line with last week's levels.

The screenshot shows the MBS Live interface. At the top, there are three charts: 'Real Time Chart (MBS)', 'Real Time Chart (T-Bonds)', and 'Real Time Chat (MBS)'. The 'Real Time Chat (MBS)' window is active, showing a list of messages from users like 'Vector Shultz' and 'Christopher Stevens'. Below the charts, there's a 'LIVE NEWS STREAM' section with a play button and a 'LIVE REPORTS & PRICES' section with a table of current bond and treasury prices. The bottom of the screen has a navigation bar with links like 'MBS LIVE', 'HOME', 'ABOUT', 'CONTACT', 'LOG IN', and 'SIGN UP'.



Watch the Video

MBS Morning

10:47 AM Calmer Day so Far, But No Relief From Recent Rout

3:20 PM

Econ Data / Events

- ◦ MBA Purchase Index (Jan)/16
 - 194.1 vs 184.6 prev
- MBA Refi Index (Jan)/16
 - 1580.8 vs 1313.1 prev
- Pending Home Sales
 - 71.8 vs 79.2 prev

Market Movement Recap

09:54 AM choppy, sideways overnight session and little-changed so far. MBS up 2 ticks (.06) and 10yr down 1bp at 4.286

01:25 PM reasonably well received 20yr bond auction. 10yr down 3 bps at 4.266 and MBS up an eighth.

02:57 PM Best levels of the day after Greenland-related tariff pause and word of a "deal framework." MBS up 6 ticks (.19) and 10yr down 4.6bps at 4.25

Lock / Float Considerations

- Geopolitical risks began to ebb on Wednesday with potential Greenland de-escalation. This helps resolve the asymmetry we discussed on Tuesday and possibly creates some favorable asymmetry in the other direction. To reiterate yesterday's important point: asymmetric risk is never intended as a comment on future directional movement, but rather, the relative size of rally potential vs selling potential. On a very short term, tactical note, those floating with lenders who do NOT reprice for the better this afternoon will have a bit of a cushion heading into tomorrow as rate sheets were flat before the day began (MBS up 1.12, 10yr down 0.26).

several lenders began to reprice (and MBS are up roughly 19bps on the day as of 3:30pm).

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
 - o 4.12
 - o 4.05
- Floor/Resistance
 - o 3.89
 - o 3.97

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	4.254%	-0.042%
2 YR	3.593%	-0.004%
30 YR	4.876%	-0.040%
5 YR	3.830%	-0.023%

