MBS Recap: Tariff Ruling Tried (And Failed) to Steal The Show

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Tariff Ruling Tried (And Failed) to Steal The Show

MBS Recap Matthew Graham | 4:43 PM

If you were told ahead of time that Friday morning would bring news that the Supreme Court struck down the IEEPA tariffs, you wouldn't be crazy to think it would be the week's biggest news and a big potential source of volatility for bonds. But reality wasn't quite as dramatic. It's true that the tariff ruling garnered the week's highest volume as well as some elevated directional volatility, but in outright terms, it was less than 3bps in 10yr yields and about half of that was recovered as the day progressed. Reasons and implications are discussed in greater detail in today's recap video.

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Watch the Video

MBS Morning

9:25 AM Opening Salvo of Data Fails to Inspire

Alert

10:05 AM Bonds Selling as Supreme Court Strikes Down Tariffs

3:30 PM

Econ Data / Events

- Core PCE (m/m) (Dec)
  - 0.4% vs 0.3% f'cast, 0.2% prev
- Core PCE (y/y) (Dec)
  - 3.0% vs 2.9% f'cast, 2.8% prev
- Core PCE Prices QoQQ4
  - 2.7% vs 2.6% f'cast, 2.9% prev
- GDPQ4
  - 1.4% vs 3% f'cast, 4.4% prev
- GDP Final SalesQ4
  - 1.2% vs -- f'cast, 4.5% prev
- PCE (y/y) (Dec)
  - 2.9% vs 2.8% f'cast, 2.8% prev
- PCE prices (m/m) (Dec)
  - 0.4% vs 0.3% f'cast, 0.2% prev
- PCE Prices (Q/Q)Q4
  - 2.9% vs 2.8% f'cast, 2.8% prev

Market Movement Recap

08:49 AM Slightly stronger overnight and a tiny bit of push-back after data. MBS unchanged and 10yr down 1bp at 4.066

10:13 AM Weaker after SCOTUS ruling on tariffs. MBS down 2 ticks (.06) and 10yr up 2bps at 4.097

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04:30 PM More than reasonably resilient in the PM hours. MBS now unchanged and 10yr up only 1bp at 4.085

Lock / Float Considerations

- The week ended uneventfully for the bond market despite the apparently eventful news and data. The upcoming week is even lighter in terms of data, but political developments may add some volatility.

Technicals/Trends in 10yr (why 10yr)

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

- Floor/Resistance
  - 3.89
  - 3.97

MBS & Treasury Markets

MBS	
30YR UMBS 5.0	+
30YR UMBS 5.5	

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

US Treasuries		
10 YR	4.085%	+0.009%
2 YR	3.480%	+0.025%
30 YR	4.725%	+0.028%
5 YR	3.648%	+0.014%

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