

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

A message from Marc Erickson:

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MBS Recap: Bonds Cap Stellar Week/Month With Strongest Close



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Bonds Cap Stellar Week/Month With Strongest Close

Bonds ended the week/month at their strongest levels with 10yr yields breaking below the 4.0% floor to close at 3.95+. In addition to the low outright levels, the journey was accomplished with minimal volatility along the way. This is potentially surprising given this morning's much higher PPI numbers, but as discussed in the AM commentary, PPI is notoriously volatile and hasn't had a noticeable impact since 2024. Next week brings the typical early month, big ticket econ data (ISM, ADP, and the jobs report).



Watch the Video

MBS Morning

9:29 AM Starting Out Under 4.0% Despite Hotter PPI

2:08 PM

Econ Data / Events

- ○ Core PPI m/m (Jan)
 - 0.8% vs 0.3% f'cast, 0.7% prev
- PPI m/m (Jan)
 - 0.5% vs 0.3% f'cast, 0.5% prev
- PPI y/y (Jan)
 - 2.9% vs 2.6% f'cast, 3% prev

Market Movement Recap

- 08:34 AM No reaction despite balmy PPI. MNS up 1 tick (.03) and 10yr down 2.2bps at 3.982
- 01:03 PM MBS up 2 ticks (.06) and 10yhr down 3.5bps at 3.969
- 03:27 PM MBS up 2 ticks (.06) and 10yr down 3.7 bps at 3.967

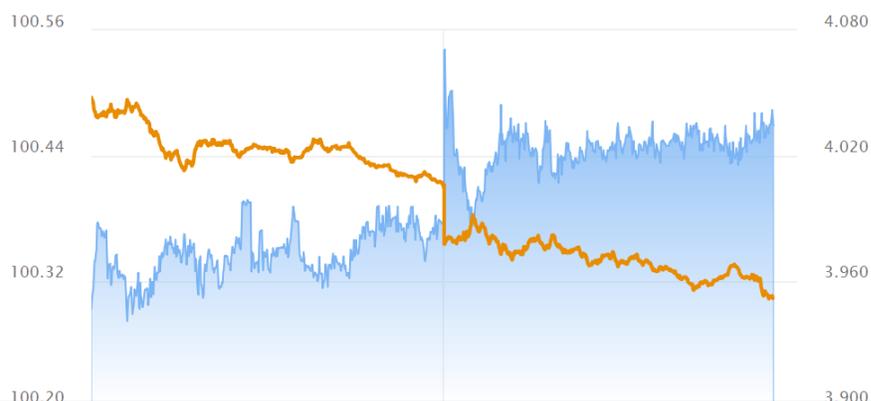
Lock / Float Considerations

- For essentially the entire month of February, it was as if bonds could do no wrong. Much of that was data driven, but some of it wasn't. The only immediate volatility consideration is that some of the strength could be driven by month-end trading, in which case the coming week could see some excess selling pressure unrelated to the data. But the data should ultimately set the tone--especially after Friday's jobs report.

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



■ 30YR UMBS 5.0

■ 10 Year Treasury

MBS

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

US Treasuries

10 YR	3.951%	-0.053%
2 YR	3.385%	-0.048%
30 YR	4.622%	-0.038%
5 YR	3.509%	-0.062%

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