

# MBS & TREASURY MARKETS

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## The Day Ahead: Stronger Start as Markets Hope For De-Escalation

With no massive escalation in Iran over the weekend, oil prices trickled only modestly higher during Asian trading hours and began to recover during European hours. Early domestic trading kept the friendly trend intact with some help from Trump comments that suggested a limited timeline for the war. That said, the rally was more of a linear trend this morning and less of a volatile reaction to any individual newswire. Econ data is in the back seat to geopolitical events. The same will generally be true for Wednesday's Fed announcement, although volatility is at least possible thanks to the dot plot and press conference (rate cut = 0% chance).



NOTE: you will never see a true 0% chance in terms of probability implied by futures contracts due to the structure of that market, but 99% = 100% and 1% = 0% for all practical purposes.



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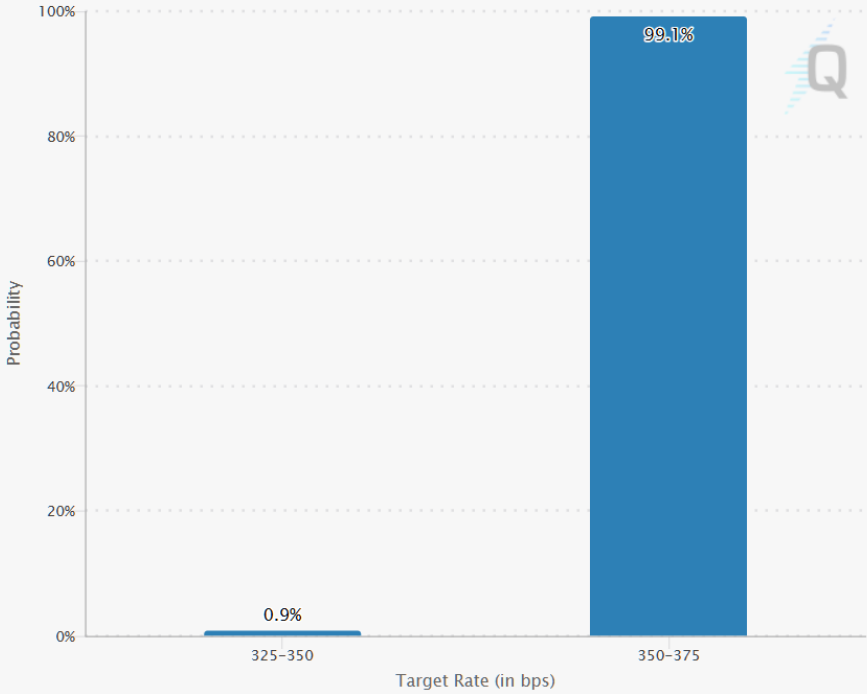
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| MEETING INFORMATION |          |             |           |              |          | PROBABILITIES |           |       |
|---------------------|----------|-------------|-----------|--------------|----------|---------------|-----------|-------|
| MEETING DATE        | CONTRACT | EXPIRES     | MID PRICE | PRIOR VOLUME | PRIOR OI | EASE          | NO CHANGE | HIKE  |
| 18 Mar 2026         | ZQH6     | 31 Mar 2026 | 96.3613   | 11,947       | 315,879  | 0.9 %         | 99.1 %    | 0.0 % |

Target Rate Probabilities for 18 Mar 2026 Fed Meeting

Current target rate is 350-375



| TARGET RATE (BPS) | PROBABILITY(%) |                      |                      |                        |
|-------------------|----------------|----------------------|----------------------|------------------------|
|                   | NOW *          | 1 DAY<br>13 MAR 2026 | 1 WEEK<br>9 MAR 2026 | 1 MONTH<br>13 FEB 2026 |
| 325-350           | 0.9%           | 1.9%                 | 1.7%                 | 9.2%                   |
| 350-375 (Current) | 99.1%          | 98.1%                | 98.3%                | 90.8%                  |

\* Data as of 16 Mar 2026 09:21:14 CT

1/1/2028 and forward are projected meeting dates