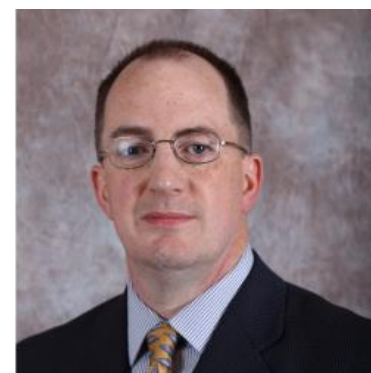


MBS & TREASURY MARKETS

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MBS Recap: Sleepy Pre-Fed Day, But Slightly Stronger



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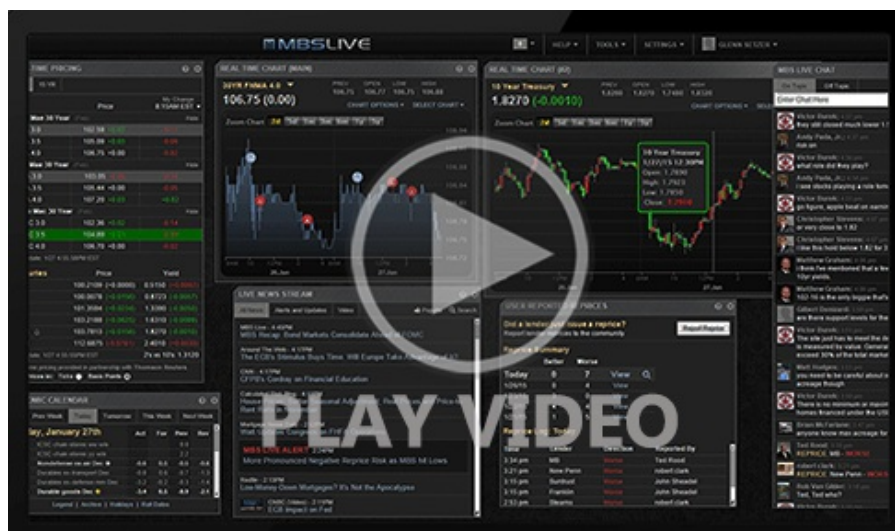
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Sleepy Pre-Fed Day, But Slightly Stronger

MBS Recap | Matthew Graham | 4:07 PM

Bonds did something they haven't done in almost 3 weeks today. They closed at stronger levels for the second consecutive day. The last time that happened was February 27th at the end of the impressive month-long rally. While today was stronger, it wasn't exactly impressive (or event that interesting). The most notable development was the fact that bonds rallied despite slightly higher oil prices. This is the opposite dynamic from certain moments last week where bonds underperformed a 1:1 correlation with oil.



MBS Morning

10:45 AM Another Solid Start, But Without as Much Help From Oil

3:14 PM

Econ Data / Events

- ○ NY Fed manufacturing
 - -0.2 vs 3.2 f'cast, 7.1 prev

Market Movement Recap

- 08:27 AM initially weaker overnight, then steadily stronger. MBS up 3 ticks (.09) and 10yr down 1bp at 4.21
- 12:32 PM Near best levels. MBS up 5 ticks (.16) and 10yr down 3bps at 4.19
- 02:48 PM Off best levels. MBS up 3 ticks (.09) and 10yr down 1.9bps at 4.20

Lock / Float Considerations

- Volatility risk remains much higher than normal due to geopolitical uncertainty. The entire month of March has been bearish for rates so far. It makes sense to remain defensive until that bearish streak has clearly leveled off. This will take more than 2 green days to verify (note the false hope created by March 6th and 9th).

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
 - 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	4.200%	-0.020%
2 YR	3.672%	-0.006%
30 YR	4.846%	-0.021%
5 YR	3.788%	-0.012%

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