

MBS & TREASURY MARKETS

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MBS Recap: Juxtaposition of Escalation and De-escalation Keeping Bonds Volatile



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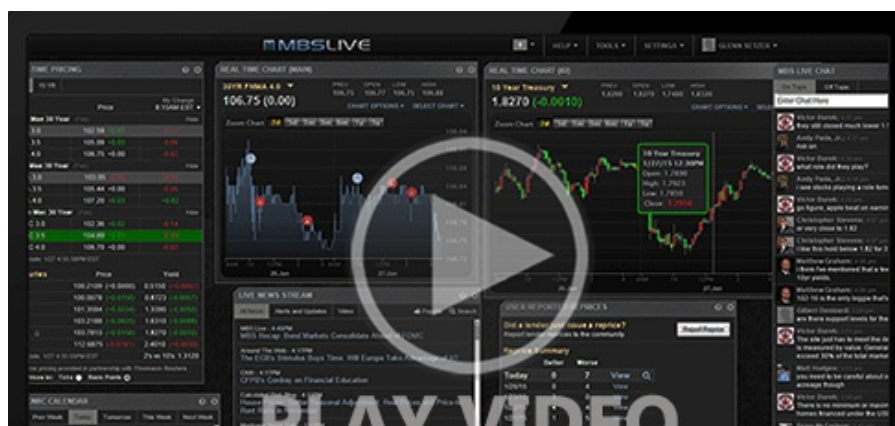
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Juxtaposition of Escalation and De-escalation Keeping Bonds Volatile

MBS Recap | Matthew Graham | 4:02 PM

Tuesday was notable for financial markets' attempts to trade the Iran war due to the conspicuous juxtaposition of newswires that spoke to opposing developments. Around 1pm ET, troop deployment news sent yields to the highs of the day. A little over an hour later, the newswires gave the impression that the war was almost over--so much so that bonds were willing to retrace most of the 1pm losses. Nonetheless, yields were already elevated by 1pm, which means it was a weaker trading session overall. Material developments in the war will continue to be more actionable for markets than scheduled economic data--especially this week.





9:43 AM **Victory For Cynics as Ceasefire Rebound is Already Over**

9:57 AM Weakest Levels of The Morning

1:07 PM Weakest Levels After 2yr Auction and War Headlines

3:52 PM

- ○ Labor Costs
 - 4.4 vs 3.5 f'cast, -1.9 prev

08:51 AM	Losing ground in choppy trading as oil rebounds. MBS down a quarter point and 10yr up 4.2bps at 4.389
09:54 AM	weakest levels. MBS down 11 ticks (.34) and 10yr up 6.2bps at 4.409
12:30 PM	Off lows, but choppy. MBS down 5 ticks (.06) and 10yr up 2.6bps at 4.373
01:03 PM	Bumpy 2 year Treasury auction causing weakness. MBS down 3/8ths again and 10yr up 7.2bps at 4.42
03:33 PM	recovering a bit after "war over soon" headlines. MBS still down 6 ticks (.19) and 10yr up 3.8bps at 4.385

- updated 3/24/26

Another volatile day for bonds with more headlines speaking to escalation/de-escalation contributing to ups and downs. We'd remain cautious and defensive until a clear trend of de-escalation (and, importantly, bond market response) is established. That will take more than a day or two of gains.

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	4.394%	+0.047%
2 YR	3.825%	+0.073%

2 YR	3.925%	+0.073%
30 YR	4.948%	+0.027%
5 YR	4.030%	+0.059%

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