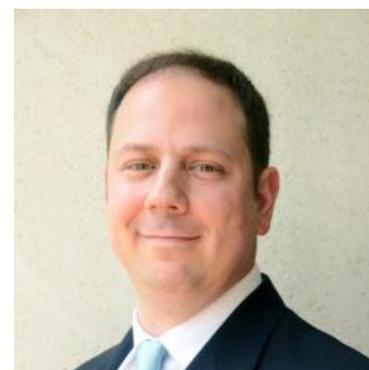


MBS & TREASURY MARKETS

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MBS Recap: Noticeably Lighter Volatility. Why?

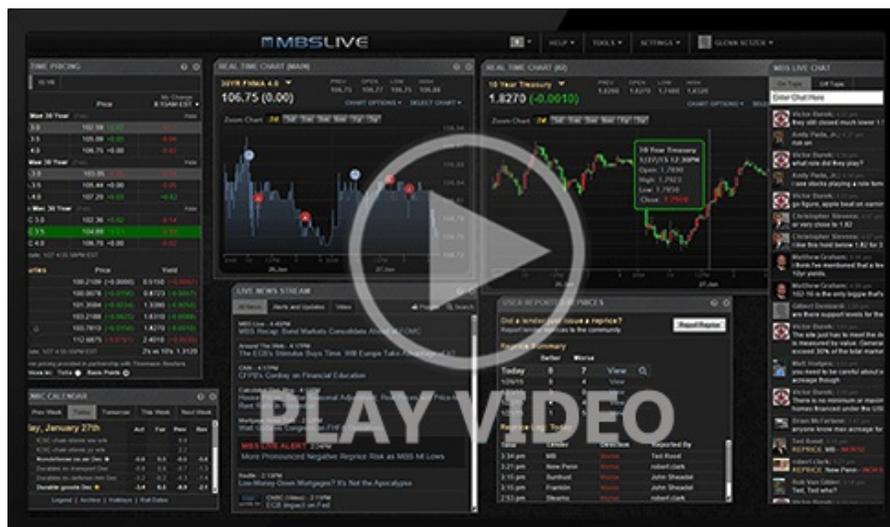


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Noticeably Lighter Volatility. Why?

MBS Recap | Matthew Graham | 4:04 PM

Wednesday offered a welcome break from the pervasive volatility seen since the start of the Iran war. It was among the narrowest trading ranges of any single day in March, especially during domestic trading hours. This is somewhat surprising considering the preponderance of contradictory newswires and headlines concerning the state of the Iran war (i.e. ceasefire vs more strikes and negotiations vs no communication). If Iran is refuting U.S. claims regarding de-escalation, why would bonds be calmly in stronger territory? Simply put: U.S. claims regarding de-escalation matter more than verified agreements with Iran. If the U.S. wants to wind down the war, that's what will happen and that's what the bond market likes.



MBS Morning

9:39 AM Bonds Showing Some Optimism About Turning Point in The War

3:12 PM

Econ Data / Events

- ○ Import Prices
 - 1.3 vs 0.5 f'cast, 0.6 prev

Market Movement Recap

- 08:58 AM Chippy and slightly stronger. MBS up an eighth and 10yr down 3.7bps at 4.327
- 11:32 AM Near best levels. MBS up 5 ticks (.16) and 10yr down 5bps at 4.315
- 01:26 PM Relatively weak 5yr auction but no major reaction. MBS up an eighth and 10yr down 3.6bps at 4.329
- 03:06 PM Holding sideways at similar levels. MBS up 5 ticks (.16) and 10yr down 4.2bps at 4.323

Lock / Float Considerations

- 3/25/26 - Much less volatile today and paradoxically stronger despite conflicting de-escalation headlines. It's a promising development, but considering yields were at multi-month highs just yesterday afternoon, it's not enough of a shift to warrant a change in a defensive lock/float strategy.

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

US Treasuries

10 YR	4.323%	-0.042%
2 YR	3.881%	-0.002%
30 YR	4.893%	-0.037%
5 YR	3.969%	-0.023%

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