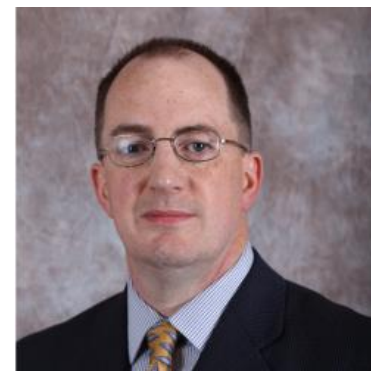


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MBS Recap: Another Day of Gains With Some Quarter-End Distortion



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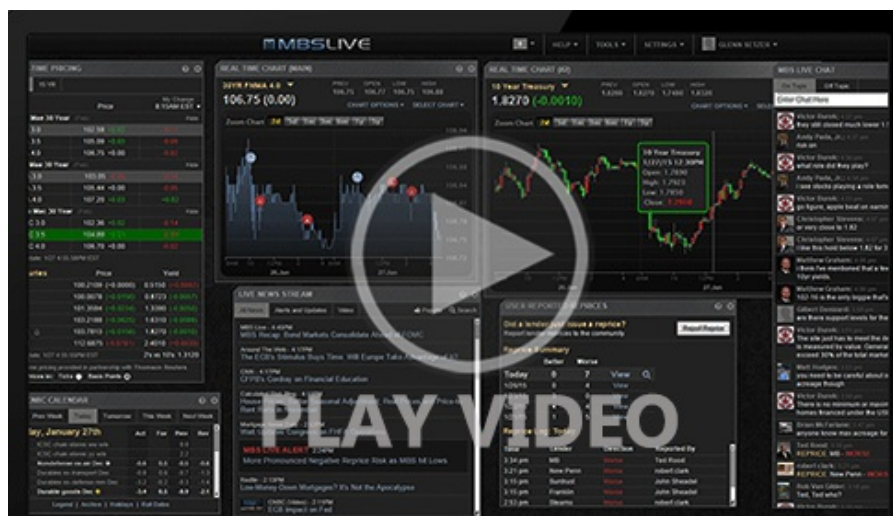
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Another Day of Gains With Some Quarter-End Distortion

MBS Recap | Matthew Graham | 4:27 PM

Q1 was fairly eventful for the bond market with solid--sometimes puzzling--gains in February followed by a relative rout in March. Heavy quarter-end rebalancing flows are making for more volatility than normal at 4pm ET, but up until that point, 10yr yields had rallied roughly 8bps. Those gains were fueled by headlines that spoke to potential de-escalation in Iran--something that's easy enough to confirm by examining the corresponding drop in oil prices and spike in stocks. That said, the underlying news falls short of marking a distinct turning point in the war.



MBS Morning

10:35 AM War Headlines Help Bond Recovery Continue

Update

12:46 PM Bonds Rallying on De-Escalation Headlines

3:47 PM

Econ Data / Events

- ○ Case Shiller Home Prices-20 y/y (Jan)
 - 1.2% vs 1.3% f'cast, 1.4% prev
- CaseShiller 20 mm nsa (Jan)
 - -0.1% vs -- f'cast, -0.1% prev
- FHFA Home Price Index m/m (Jan)
 - 0.1% vs 0.1% f'cast, 0.1% prev
- FHFA Home Prices y/y (Jan)
 - 1.6% vs -- f'cast, 1.8% prev
- Job Openings
 - 6.882m vs 6.92m f'cast, 7.24m prev
- Job Quits (lower = better for bonds)
 - 2.974m vs 3.100m prev

Market Movement Recap

- 09:18 AM Moderately stronger overnight. MBS up just over a quarter point and 10yr down 5bps at 4.302
- 12:50 PM Near best levels with MBS up more than 3/8ths and 10yr down 5.3bps at 4.298
- 01:53 PM MBS up 11 ticks (.34) and 10yr down 4.2bps at 4.31
- 04:12 PM Off the best levels after quarter-end rebalancing trades. MBS up only 10 ticks (.31) and 10yr down only 3 bps at 4.322

Lock / Float Considerations

- 3/31/26 - Second straight day of gains in bonds, but we've seen back to back rally days before during the Iran war and they've proven to be head fakes. Add month/quarter-end volatility into the mix and it's still too soon to conclude that we've seen a definitive shift.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.66
 - o 4.59
 - o 4.48
- Floor/Resistance
 - o 4.05
 - o 4.12
 - o 4.19
 - o 4.28
 - o 4.34
 - o 4.40

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
2 YR
30 YR
5 YR

4.316%
3.794%
4.908%
3.941%

-0.036%
-0.036%
-0.007%
-0.045%

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