

MBS & TREASURY MARKETS

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MBS Recap: Wednesday Could Be Entirely Different



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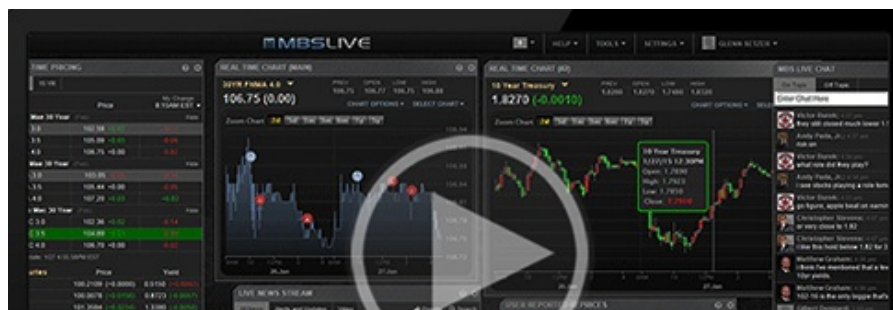
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Wednesday Could Be Entirely Different

MBS Recap | Matthew Graham | 4:36 PM

April 7th has been one of the most important days on the calendar for the Iran war due to deadline for Iran to accept Trump's terms or face major escalation. If the escalation was even remotely similar to Trump's threats, it would all but preclude a quick end to the war and especially the market-related fallout. heading into the close, Pakistan floated an option for a 2-week ceasefire in exchange for reopening the Strait of Hormuz. Markets responded favorably to notion with stocks and bond both rallying and oil prices falling to session lows. Given the absolute and severe nature of the alternative, it would be a surprise if tomorrow didn't involve a larger than normal move in one direction or the other.





Watch the Video

MBS Morning

9:34 AM Waiting on Tonight's Ceasefire Headlines

Alert

9:44 AM Some Selling at NYSE Open

Alert

11:14 AM MBS Down Another Eighth

3:29 PM

Econ Data / Events

- ○ ADP Employment Change Weekly
 - 26K vs -- f'cast, 10K prev
- Core CapEx (Feb)
 - 0.6% vs 0.4% f'cast, 0% prev
- Durable goods (Feb)
 - -1.4% vs -0.5% f'cast, 0% prev

Market Movement Recap

- 09:03 AM Flat overnight. MBS down 1 tick (.03) and 10yr down just under 1bp at 4.331
- 09:41 AM Down an eighth of a point in MBS and 10yr up 1.7bps at 4.356
- 11:30 AM Near weakest levels. MBS down a quarter point and 10yr up 2.3bps at 4.364
- 03:07 PM Decent recovery. MBS down only an eighth and 10yr down almost half a bp at 4.336
- 04:34 PM well into the green now on ceasefire optimism. MBS up 5 ticks (.16) and 10yr down 3.5bps at 4.305

Lock / Float Considerations

- 4/7/26 - Very calm so far in April relative to March, but Tuesday night carries heightened volatility potential due to the deadline for Iran's response to Trump. Heading into the close, there are options on the table for another 2 week extension (possibly including a ceasefire). Either way, we'll have escalation or de-escalation and markets should reflect that on Wednesday (they're already reflecting the hopes at the close).

Technical/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 | 4.306% | -0.034% |
| 2 YR | 3.803% | -0.052% |
| 30 YR | 4.884% | +0.004% |
| 5 YR | 3.941% | -0.045% |

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