

MBS & TREASURY MARKETS

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MBS Recap: Bonds Drift Weaker Despite Lower Oil Prices



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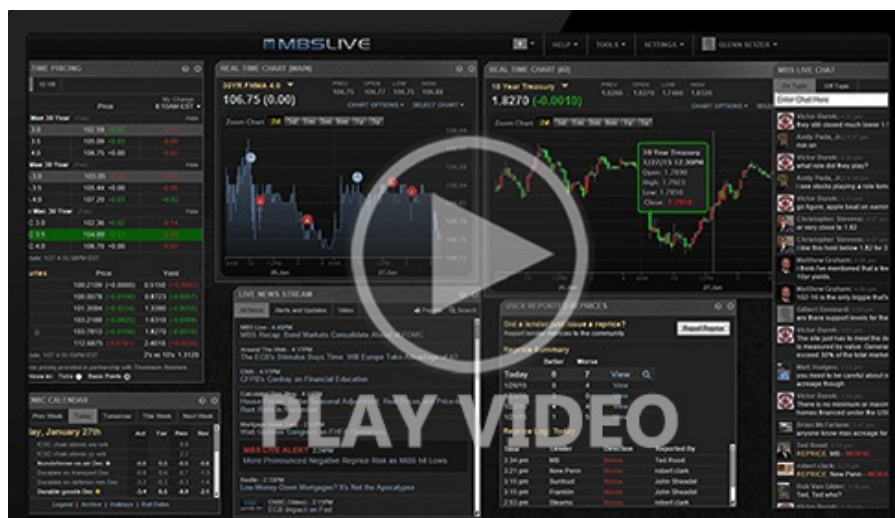
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Bonds Drift Weaker Despite Lower Oil Prices

MBS Recap | Matthew Graham | 4:21 PM

Although they still technically made positive progress versus the end of last week, bonds ended the day moderately weaker. Lower oil prices offered no support, but that's a tricky correlation these days. Longer-term oil contracts continue lining up with bond yield movement more reliably. To be sure, we can at least consider the impact of this morning's CPI data based on decent trading volume at the time and a reversal of the sideways to slightly stronger momentum in the preceding few hours, but it's impossible to say that it continued weighing on bonds for the rest of the session.



MBS Morning

9:06 AM No Whammies in CPI Data (And No Bond Market Reaction)

Alert

12:49 PM Weakest Levels of The Day

1:59 PM

Econ Data / Events

- ○ m/m CORE CPI (Mar)
 - 0.2% vs 0.3% f'cast, 0.2% prev
- m/m Headline CPI (Mar)
 - 0.9% vs 0.9% f'cast, 0.3% prev
- y/y CORE CPI (Mar)
 - 2.6% vs 2.7% f'cast, 2.5% prev
- y/y Headline CPI (Mar)
 - 3.3% vs 3.3% f'cast, 2.4% prev

Market Movement Recap

- 10:58 AM Slightly weaker this AM but leveling off with MBS unchanged and 10yr up 3bps at 4.306
- 12:46 PM weakest levels. MBS down 3 ticks (.09) and 10yr up 4.2bps at 4.319
- 03:35 PM flat for the past few hours with MBS down 2 ticks (.06) and 10yr up 4bps at 4.316

Lock / Float Considerations

- 4/10/26 - Friday's weakness COULD be nothing more than pre-weekend positioning in the bond market, but there's no denying the eerie message sent by this morning's inflation data, regardless of it being in-line with forecasts. Still, without any bigger selling sprees this week, risk takers can continue finding solace in this new, higher range as long as yields aren't surging above 4.40%. At the same time, the risk averse crowd doesn't have any reason to lower their defenses until yields are convincingly breaking below 4.30%.

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 | 4.320% | +0.043% |
| 2 YR | 3.804% | +0.039% |
| 30 YR | 4.912% | +0.030% |
| 5 YR | 3.945% | +0.049% |

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