

MBS & TREASURY MARKETS

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MBS Recap: Some Volatility Surrounding Headlines, But Not Much Change



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Some Volatility Surrounding Headlines, But Not Much Change

MBS Recap | Matthew Graham | 2:29 PM

Bonds began the day roughly flat before losing ground modestly into the 9am hour as markets mis-read headlines regarding new peace proposals submitted by Iran. But just before 10am, similar headlines resurfaced including the claim that Iran's new proposal made concessions regarding Iran's nuclear aspirations. This accounted for a swift move into positive territory that was only partially reversed after Trump said he wasn't satisfied with the latest proposal despite acknowledging progress in the peace talks. The net effect is a bond market that is roughly unchanged heading into the 3pm CME close. As has been the case, any major progress toward peace over the weekend (or any major escalation) could result in trading levels being drastically different on Monday morning.



MBS Morning

10:34 AM Rallying on Peace Hopes and Weaker Data

Alert

11:07 AM Down Over an Eighth From The Highs

2:09 PM

Econ Data / Events

- ○ ISM Manufacturing Employment (Apr)
 - 46.4 vs 49 f'cast, 48.7 prev
- ISM Manufacturing PMI (Apr)
 - 52.7 vs 53 f'cast, 52.7 prev
- ISM Mfg Prices Paid (Apr)
 - 84.6 vs 80 f'cast, 78.3 prev

Market Movement Recap

- 09:00 AM Modestly weaker overnight. MBS down an eighth and 10yr up 2bps at 4.39
- 10:05 AM Rallying after ISM data. MBS back near unchanged levels and 10yr down half a bp at 4.364
- 10:54 AM Giving up roughly half the gains now. MBS down 2 ticks (.06) and 10yr just a hair over unchanged at 4.373
- 02:29 PM Flat in the PM hours so far. MBS down 3 ticks (.09) and 10yr up less than 1bp at 4.379

Lock / Float Considerations

- 5/1/26 - Friday adds some evidence for a technical ceiling at recent high yields, but we have yet to see better confirmation of such a ceiling via a break below 4.37%. In fact, yields tried that briefly this morning, and quickly retreated. Still, it's a more supportive outlook (or at least more neutral) compared to Wednesday. There continues to be a decent opportunity for risk-takers betting on a peaceful

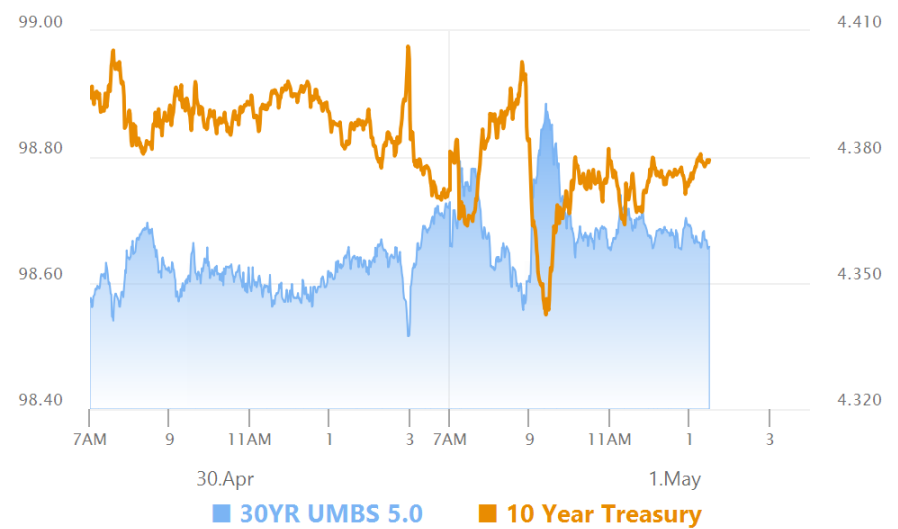
resolution to the Iran war. The defensive view focuses on war costs and yet-to-be-felt inflation pressures keeping rates higher than the market expects.

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	4.379%	+0.008%
2 YR	3.884%	+0.019%
30 YR	4.971%	+0.005%

5 YR

4.020%

+0.017%

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