

# MBS & TREASURY MARKETS

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## MBS Recap: Markets Hit by Glut of Escalation Headlines



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## Markets Hit by Glut of Escalation Headlines

MBS Recap | Matthew Graham | 4:07 PM

Monday's trading session ended up being as simple as it was unpleasant. Bonds lost ground somewhat sharply as war-related headlines kept adding up to additional escalation. Highlights include overnight reports of Iran hitting a U.S. warship with missiles, multiple reports of UAE air defenses being activated, and damage/fire at a UAE oil export terminal. While bonds had a few moments of independence, they were broadly driven by rising oil prices associated with the aforementioned headlines.





Watch the Video

**Alert**

9:51 AM MBS Down Just Over an Eighth

**MBS Morning**

10:09 AM Weaker Start. Bonds Not Recovering With Oil So Far

**Alert**

11:34 AM MBS Now Down 3/8ths on The Day

**Alert**

12:21 PM Negative Reprices Becoming More Likely

3:32 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

- 09:20 AM moderately weaker overnight. 10yr up 3.5bps at 4.41 and MBS down 7 ticks (.22).
- 11:31 AM Weakest levels after headlines regarding Iran attacking UAE. MBS down 3/8ths and 10yr up 6bps at 4.435
- 02:23 PM sideways just off weakest levels. MBS down half a point and 10yr up 7.1bps at 4.447

## Lock / Float Considerations

- 5/4/26 - Despite Friday's hopeful technical set-up, yields were unable to close below our confirmation target of 4.37. Now today, they're up to multi-week highs and above the 4.42% technical level. Of course a sweeping peace agreement with Iran could change the tone at any moment, but until then, a defensive strategy makes the most sense.

## 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

### US Treasuries

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|       |        |         |
|-------|--------|---------|
| 10 YR | 4.438% | +0.063% |
| 2 YR  | 3.950% | +0.067% |
| 30 YR | 5.017% | +0.055% |
| 5 YR  | 4.083% | +0.066% |

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