

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.



MBS Recap: Another Mid-Day Reversal. Does Jobs Report Even Matter?



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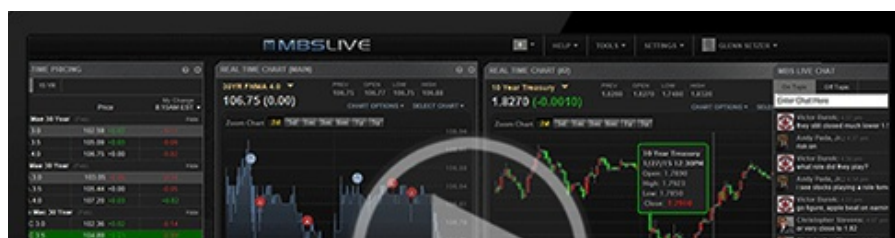


FENERO CAPITAL

Another Mid-Day Reversal Driven by Dueling Headlines

MBS Recap Matthew Graham | 3:22 PM

The overnight session featured a modest but clearly-defined rally in response to hopeful headlines on the Iran war. But as early a 9am ET, a complete reversal was beginning to take shape. Bonds remained in positive territory until the 11am hour when war headlines kicked selling into higher gear. Specifically, reports suggested Iran rejected the U.S. framework that helped bonds overnight. Separate news cited CIA sources, claiming Iran can withstand a Hormuz blockade for months. Selling continued in the afternoon on reports that had more to do with escalation risks (Saudi Arabia and Kuwait allowing U.S. forces to operate from their bases, explosions heard in Southern Iran). All told, 10yr yields were up more than 4bps by 3pm and MBS were down a quarter point. Despite the focus on the war, Friday's jobs report shouldn't be entirely dismissed as a market mover (discussed in more detail in the video).





Watch the Video

MBS Morning

9:08 AM More Peace Deal Hope, More Overnight Gains

Alert

10:41 AM MBS Down More Than an Eighth From Highs

Alert

11:31 AM Negative Reprice Risk Increasing

3:01 PM

Econ Data / Events

- ○ Challenger layoffs (Apr)
 - 83.387K vs -- f'cast, 60.62K prev
- Continued Claims (Apr)/25
 - 1,766K vs 1800K f'cast, 1785K prev
- Jobless Claims (May)/02
 - 200K vs 205K f'cast, 189K prev
- Unit Labor Costs QoQ FinalQ1
 - 2.3% vs 2.6% f'cast, 4.4% prev

Market Movement Recap

- 08:32 AM stronger overnight and no reaction to econ data. MBS up an eighth and 10yr down 1.5bps at 4.331
- 11:31 AM moving into weaker territory now. MBS down 1 tick (.03) and 10yr up 1.4bps at 4.361
- 01:13 PM New lows for MBS, down 5 ticks (.16) on the day. 10yr up 3.4bps at 4.38

Lock / Float Considerations

- 5/7/26 - Intraday volatility continues to highlight risks surround the market's sensitivity to war-related headlines. With no accurate way to know if the next headline will help or hurt, there's not much to be done regarding lock/float strategy unless one is resigned to trade the range. on that note, today stood as yet another failed attempt to break below 4.34% in 10yr yields (something that's been attempted on 4 of the past 8 days).

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	4.396%	+0.049%
2 YR	3.921%	+0.060%
30 YR	4.974%	+0.038%
5 YR	4.046%	+0.051%

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