MBS Recap: Whales Making Waves in Treasury Futures

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Whales Making Waves in Treasury Futures

MBS Recap Matthew Graham | 4:56 PM

Nerd alert: there's no way to discuss what happened in the bond market today without getting a bit nerdy. Reason being, there was an absolute deluge of block trades in Treasury futures (over $20bln--the biggest day we can remember for outright block trades). There are a few different possibilities for how this went down, but the size, structure, and timing of those trades suggests that only one or two massive players were involved. The saving grace of a move like this is that it means there was not broad-based selling pressure from a majority of the market. And although this could be viewed as "thought leadership" that inspires other sellers, those sellers had a chance to jump on the bandwagon today and instead held their ground.

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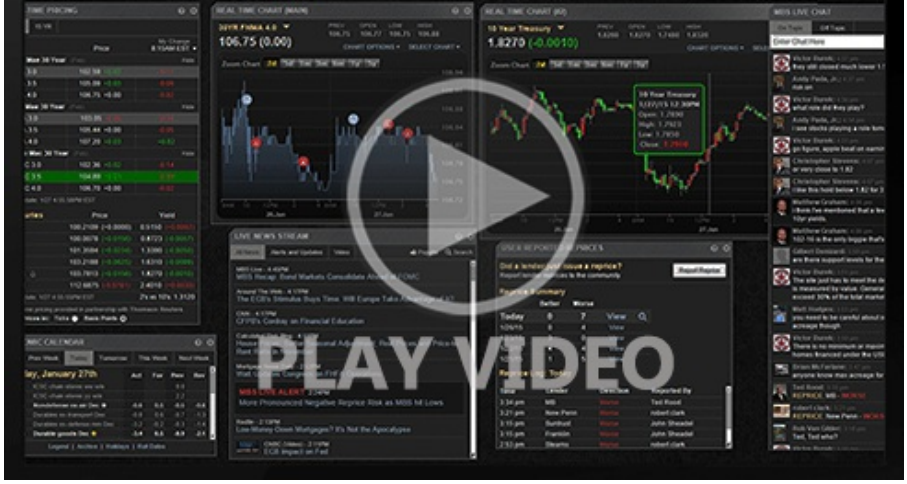

Watch the Video

MBS Morning

9:40 AM Increasing Signs of Bond-Specific Panic

Update

11:55 AM Some Support and Some Reprice Risk (It's Weird)

3:42 PM

Econ Data / Events

- ADP Employment Change Weekly
  - 42.25K vs -- f'cast, 33.0K prev

Market Movement Recap

09:04 AM Gradually weaker overnight with no standout market movers. MBS down almost 3/8ths and 10yr up 4bs at 4.63

11:24 AM MBS down 5/8ths and 10yr up 8.6bps at 4.675

02:46 PM Recovering a bit. MBS down just over half a point and 10yr up 7.2bps at 4.662

Lock / Float Considerations

- 5/19/26 -There continues to be no valid way to formulate a strategy based on the unscheduled, random

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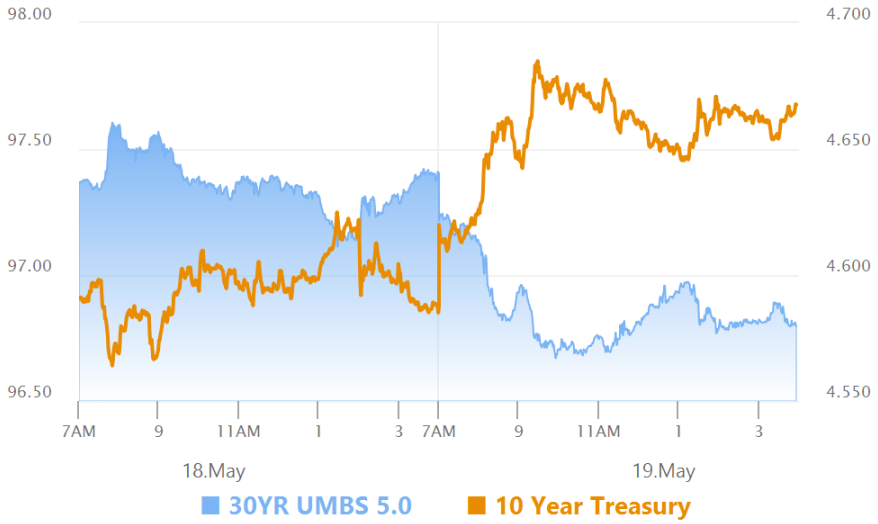
nature of the bond market's reaction to war-related headlines. Hindsight suggests adopting a defensive approach and waiting for the market to prove it can rally in a meaningful way before lowering those defenses, but that recent precedent is no guarantee of what comes next.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.80
  - 4.72

- Floor/Resistance
  - 4.19
  - 4.28
  - 4.34
  - 4.40
  - 4.48
  - 4.59
  - 4.66

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	4.670%	+0.081%
2 YR	4.121%	+0.071%

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30 YR	5.177%	+0.052%
5 YR	4.325%	+0.090%

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