

MBS & TREASURY MARKETS

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MBS Recap: Bonds Scratch Out a Win Amid Dueling Headlines



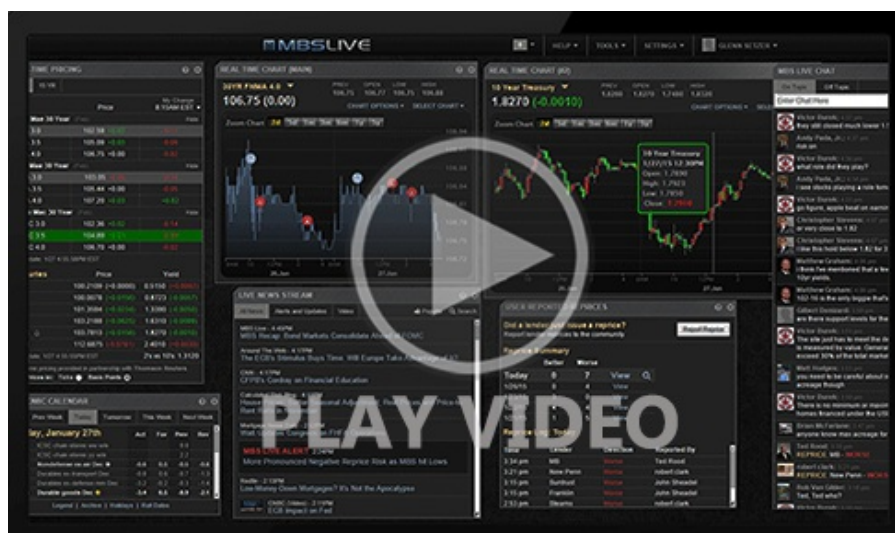
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Bonds Scratch Out a Win Amid Dueling Headlines

MBS Recap | Matthew Graham | 3:04 PM

Bonds remain surprisingly willing to react to the most seemingly insignificant war-related headlines. Today it was the much-debated geographical location of Pakistan's lead negotiator, Asim Munir, that set the tone. Bonds rallied on early accounts that he was en route to Tehran and pulled back when other headlines suggested he never left Pakistan. Ultimately, yields trickled just barely into positive territory by the end of the holiday-shortened session. Monday is fully closed for Memorial Day and we're back to watching the news feed on Tuesday.



MBS Morning

8:59 AM Abbreviated Friday Opening at Week's Best Levels

Alert

10:09 AM Down More Than an Eighth From Highs

1:41 PM

Econ Data / Events

- ○ CB Leading Index MoM (Apr)
 - 0.1% vs -0.2% f'cast, -0.6% prev
- Consumer Sentiment (May)
 - 44.8 vs 48.2 f'cast, 49.8 prev
- Sentiment: 1y Inflation (May)
 - 4.8% vs 4.5% f'cast, 4.7% prev
- Sentiment: 5y Inflation (May)
 - 3.9% vs 3.4% f'cast, 3.5% prev
- U Mich conditions (May)
 - 45.8 vs 47.9 f'cast, 52.5 prev

Market Movement Recap

- 08:41 AM Modestly stronger overnight with some additional gains after early peace talk headlines. MBS up an eighth and 10yr down 2.2bps at 4.547
- 10:09 AM MBS now up only 1 tick (.03) and down 7 ticks (.22) from the AM highs. 10yr up 0.4bps at 4.572 after briefly trading below 4.53.
- 12:48 PM After being down almost an eighth, MBS are back to being up 1 tick (.03) and 10yr yields back to unchanged after being about 1bp higher.

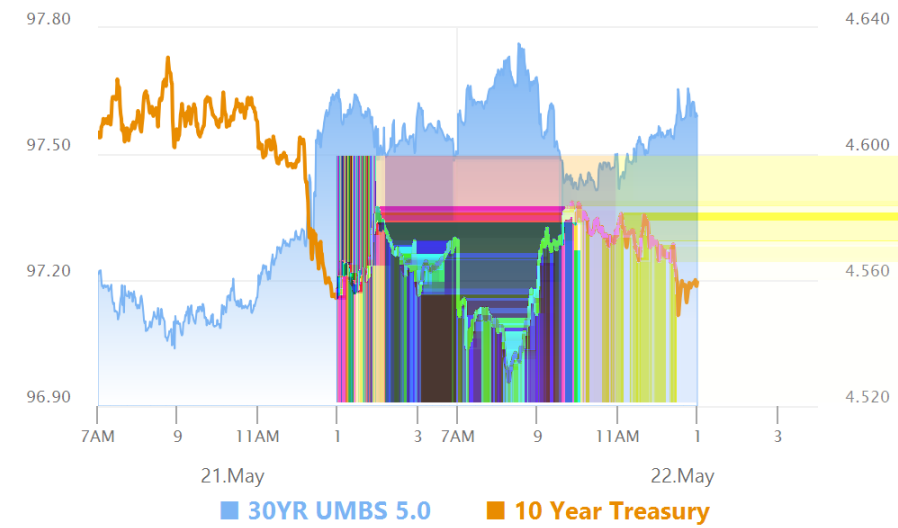
Lock / Float Considerations

- 5/22/26 - Bonds remain transfixed by war-related headlines and surprisingly receptive regardless of the quality of the news. The clear takeaway is that there's room to rally when peace is official, but also room to sell if the peace process falters.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.80
 - o 4.72
- Floor/Resistance
 - o 4.19
 - o 4.28
 - o 4.34
 - o 4.40
 - o 4.48
 - o 4.59
 - o 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	4.559%	-0.009%
2 YR	4.122%	+0.040%
30 YR	5.066%	-0.025%

5 YR

4.258%

+0.015%

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