

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

A message from Marc Erickson:

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MBS Recap: At Least It Didn't Get Much Worse After The Initial Rout



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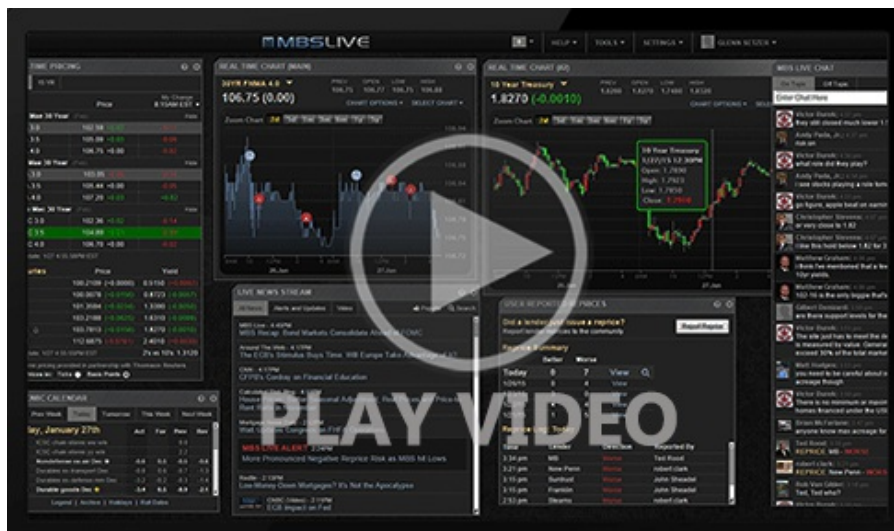
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At Least It Didn't Get Much Worse After The Initial Rout

If you had to find something reassuring to say about the bond market today, it would be that there wasn't much selling after 9am ET. Unfortunately, there was a whole lot of selling in the prior 30 minutes. Try as they might, analysts couldn't find any obvious holes in the strong picture painted by the jobs report. Stocks got completely destroyed as well--evidence of the jump in Fed rate hike expectations adding to a tech correction that was already underway. An Iran war peace deal remains the biggest market moving prospect on the horizon, but traders will be a bit more interested in labor market data going forward.



Watch the Video

Alert

8:32 AM Heavy Selling After Hotter Jobs Report

MBS Morning

10:08 AM Job Market Says "I'm Not Dead Yet." Bond Market Doesn't Love It

Econ Data / Events

- ○ Non Farm Payrolls (May)
 - 172K vs 85K f'cast, 115K prev
- Participation Rate (May)
 - 61.8% vs -- f'cast, 61.8% prev
- Unemployment rate mm (May)
 - 4.3% vs 4.3% f'cast, 4.3% prev

Market Movement Recap

- 08:38 AM Big selling after jobs report. MBS down 3/8ths and 10yr up 5.7bps at 4.533
- 10:46 AM MBS down 18 ticks (.56) and 10yr up 6.5bps at 4.541
- 04:27 PM MBS down just over half a point and 10yr up 6.2bps at 4.539

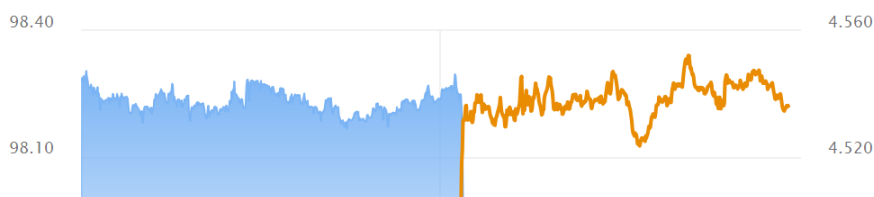
Lock / Float Considerations

- 6/5/26 - Just when it seemed you probably only had to worry about war-related headlines, the jobs report just confirmed that data-watching is not dead. Thankfully, few reports are up to task of sending big messages like the jobs report, but markets will likely be a bit more sensitive to any additional evidence of a labor resurgence. War headlines continue to constitute a vast majority of directional rate risk. On the plus side, rates and longer-term bonds remain under recent ceilings, and that's supportive until/unless it changes. As for more tactical decisions, we always like to make sure momentum has run its course after big data reactions like this. In other words, looking for confirmed support before looking away from the lock button.

Technical/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.80
 - o 4.72
 - o 4.66
 - o 4.59
 - o 4.51
- Floor/Resistance
 - o 4.19
 - o 4.28
 - o 4.34
 - o 4.43

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	4.535%	+0.059%
2 YR	4.149%	+0.109%
30 YR	5.000%	+0.023%
5 YR	4.273%	+0.082%

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