

MBS & TREASURY MARKETS

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The Day Ahead: Deal Signed. Warsh Digested. Bonds Stabilizing

Trump officially signed the Iran MOU last night, which helped oil prices and bond yields move a bit lower. Overseas markets also did a decent job digesting the post-Warsh trade, quarantining most of the damage to the shortest end of the yield curve and buying the longer end (i.e. 10yr rallied back almost completely while 2yr barely rallied). The net effect is a 10yr yield that is back on the doorstep of the 4.42% technical floor (currently 4.435%). MBS have a shorter implied duration than 10 years and only a bit better than halfway back to yesterday's pre-Fed levels. As a reminder, markets are closed Friday. There is no big ticket econ today, so traders will be left to focus on technicals, pre-weekend positioning, and any headlines of consequence.



Jeffrey Chalmers

Senior Loan Officer,
Movement Mortgage
Licensed: CA, FL, MA, ME,
NH, VT

ClicknFinance.com

P: (877) 562-6811

M: (774) 291-6527

jeffrey.chalmers@movement.com

99 Rosewood Dr, Suite 270
Danvers MA 01923

NMLS#76803

NMLS#39179

