

# MBS & TREASURY MARKETS

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## MBS Recap: Mostly Holding Yesterday's Big Gains

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## Mostly Holding Yesterday's Big Gains

MBS Recap | Matthew Graham | 2:32 PM

Bonds began the day in modestly weaker territory, but not weak enough to take 10yr yields above the 4.42% technical level. That was a notable development even before considering subsequent movement. The 8:30am PCE inflation data made room for a friendly reversal with modest losses being replaced by modest improvement. Bonds ultimately weren't able to hang onto the stronger levels seen in the morning with gradual selling in the late AM hours and another little pop of weakness following headlines that Iran had attacked a cargo ship in The Strait (not a U.S. ship, or the reaction would likely have been bigger). Bottom line: today failed to place an exclamation point on yesterday's rally, but it still wasn't a question mark. The only caveat is that quarter-end volatility is still a risk between now and Tuesday.



Watch the Video

1:57 PM

## Econ Data / Events

- ○ Continued Claims (Jun)/13
  - 1821.0K vs 1800K f'cast, 1810K prev
- Core CapEx (May)
  - 1.6% vs 0.6% f'cast, -1.1% prev
- Core PCE (m/m) (May)
  - 0.3% vs 0.3% f'cast, 0.2% prev
- Core PCE (y/y) (May)
  - 3.4% vs 3.4% f'cast, 3.3% prev
- Durable goods (May)
  - -4.5% vs -4.5% f'cast, 7.9% prev
- GDPQ1
  - 2.1% vs 1.6% f'cast, 0.5% prev
- Jobless Claims (Jun)/20
  - 215.0K vs 225K f'cast, 226K prev
- PCE (y/y) (May)
  - 4.1% vs 4.1% f'cast, 3.8% prev
- PCE prices (m/m) (May)
  - 0.4% vs 0.5% f'cast, 0.4% prev

## Market Movement Recap

- 08:49 AM Decent gains after PCE comes in on target. MBS up 6 ticks (.19) and 10yr down 1.2bps at 4.375
- 11:00 AM MBS up an eighth and 10yr down just under 1bp at 4.379
- 01:41 PM MBS still up an eighth but 10yr now down only 0.3bps at 4.384

## Lock / Float Considerations

6/25/26 Thursday was a mixed blessing in that it technically confirmed the break below the 4.42%

- 6/25/20 - Thursday was a mixed blessing in that it technically confirmed the break below the 4.42 % technical level, but didn't exactly do it with gusto. Still, from a strictly technical perspective, it's the best showing we've seen in a while. The caveat continues to be the random nature of potential quarter-end volatility.

## 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	4.394%	+0.007%
2 YR	4.121%	-0.028%

30 YR  
5 YR

4.857%  
4.165%

+0.019%  
-0.014%

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