ALERT: Weakest Levels After Treasury Announcement

Treasury announced a liquidity buyback operation of $6bln in the 10-30yr sector just now. While it's higher than the initially-expected $4 bln, it's not as high as the market was expecting after Bessent dared the market to bet against him this morning.

10yr yields are quickly up several more bps--4.6 in total--to 4.836. MBS are down 7 ticks (.22) on the day and nearly as much from some lenders' rate sheet print times. As such, negative reprices are already a possibility.

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