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# UPDATE: Bonds Surge Stronger All Night After Military Strike

## What's going on?

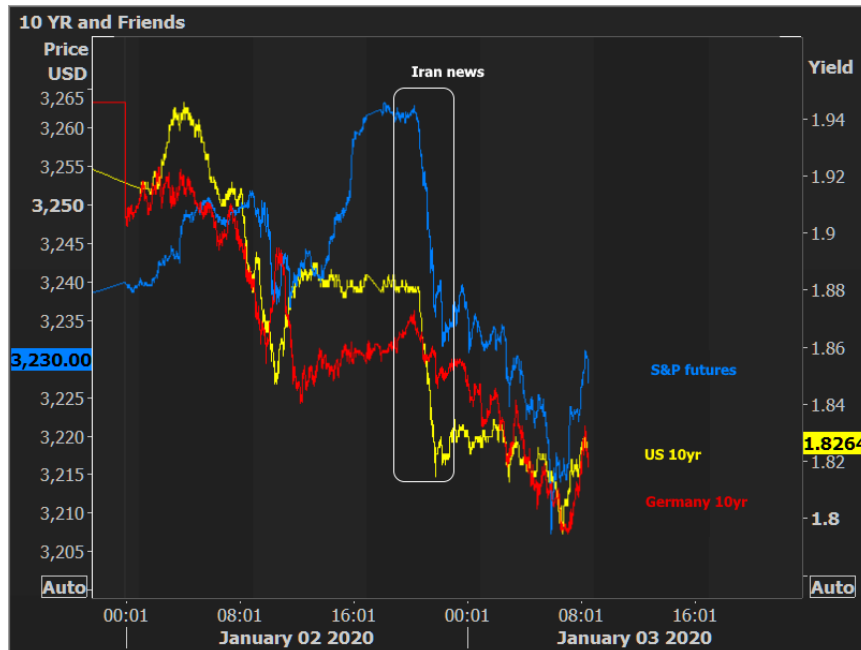
Bonds are much stronger overnight, with Treasuries leading the way and MBS underperforming.

## What's behind the move?

Last night's news of a US drone strike in Iran that killed a top military official. Iran vows retaliation, etc.

## How do we know this is what's driving the market?

The news of Soleimani's death was confirmed right when the big move begins in the white box area below.



## Why are MBS only 3 ticks (0.09) higher on the day then?!

Because that's what we'd expect to see when the bond market is responding to a massive geopolitical risk. Treasuries always lead the way. Not only that, but MBS have outperformed SIGNIFICANTLY throughout December, and it wouldn't be a surprise to see them give a bit of that outperformance back simply for technical reasons. Add

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.09	+0.31
MBS GNMA 6.0	101.03	+0.29
10 YR Treasury	4.5138	-0.0657
30 YR Treasury	4.6711	-0.0579

Pricing as of: 5/3 5:04PM EST

## Average Mortgage Rates

	Rate	Change	Points
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### Mortgage News Daily

30 Yr. Fixed	7.28%	-0.09	0.00
15 Yr. Fixed	6.75%	-0.07	0.00
30 Yr. FHA	6.70%	-0.12	0.00
30 Yr. Jumbo	7.48%	-0.07	0.00
5/1 ARM	7.35%	-0.07	0.00

### Freddie Mac

30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/3

geopolitical risk-driven motivations to the picture and the case for Treasury outperformance is crystal clear. Nothing to worry about during rally moves...



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