

MBS & TREASURY MARKETS

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MBS Recap: Bonds Boosted by Data and Well-Received Auction



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Bonds Boosted by Data and Well-Received Auction

MBS Recap | Matthew Graham | 4:43 PM

Jobless Claims data doesn't normally move the market, but it did this morning, even if only by a bit. It was enough to turn modest losses into modest gains ahead of the afternoon's 30yr bond auction. Here too, hopes were not high for a big reaction. After all, there was no real reaction to yesterday's 10yr auction. But things were different this time as traders bid more aggressively for the longer duration. With that, we had two modest-but-noticeable rallies that left trading levels right in line with this week's range after starting out at the highest yields of the week.





[Watch the Video](#)

Update

8:40 AM [Back Into Positive Territory After Jobless Claims](#)

MBS Morning

11:09 AM [Claims Make For "Nice" Start, But It's a Drop in a Much Bigger Bucket](#)

Econ Data / Events

- ○ Jobless Claims
 - 231k vs 210k f'cast, 209k prev

Market Movement Recap

- 08:31 AM Modestly weaker overnight, but back into the green after claims data. MBS unchanged. 10yr down 1bp at 4.487
- 12:17 PM Steady near stronger levels. MBS up 3 ticks (.09) and 10yr down 1.2bps at 4.486
- 01:04 PM Best levels of the day after 30yr bond auction. 10yr down 2.4bps at 4.472. MBS up an eighth.
- 04:32 PM Sideways and strong into the close. MBS up just over an eighth and 10yd down 3.9bps at 4.458.

Lock / Float Considerations

- Lower risk and lower reward now that bonds have slid into a lower consequence week. The calendar is very light and next week's CPI looms large as a huge potential win or loss (something that should keep bulls and bears from getting too excited in the meantime). Defensive clients are considering the nice rate sheet improvements over the past week and a half. Combined with the more sideways outlook, it presents a logical opportunity to circle the wagons. Risk-tolerant clients are waiting for bonds to do something more threatening before taking chips off the table.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.80
 - o 4.65
 - o 4.57
- Floor/Resistance
 - o 4.23
 - o 4.35
 - o 4.49

MBS & Treasury Markets

MBS

30YR UMBS 6.0		+
30YR UMBS 6.5		+
30YR GNMA 6.0		+
15YR UMBS-15 5.0		+

US Treasuries

10 YR	4.458%	-0.040%
2 YR	4.817%	-0.020%
30 YR	4.612%	-0.030%
5 YR	4.472%	-0.029%

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