

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Low Volume Monday Greasing Skids For Volatility

Last week, MBS underperformance was front and center. One of the justifications was the fact that MBS almost always underperform when Treasuries go on a nice bull run and last week certainly qualified. The next step in that line of thinking would be to assume MBS outperformance when Treasuries leveled off or corrected. This morning fits the bill. 10yr yields are up 6bps at 4.286--a move of half a point in terms of 10yr note prices. 5yr notes are down a quarter point in price. Meanwhile, 6.0 MBS are down only an eighth of a point and 5.5 coupons are down only 7 ticks (.22). As for the weakness itself, underlying motivations are not jumping off the page. Volume is very low. As always, that can grease the skids for random volatility, and a sell-off is the less surprising option after coming off a strong week that began to run out of steam by Friday.



The Metrolina Mortgage Team

Loan Officer, Fairway
Independent Mortgage

www.MetrolinaFairway.com

P: (561) 523-2226

M: (561) 523-2226

13700 Providence Rd
Weddington NC 28104
1002891