

# MBS & TREASURY MARKETS

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## MBS Recap: MBS Outperform as Treasuries Give Back Some of Last Week's Gains



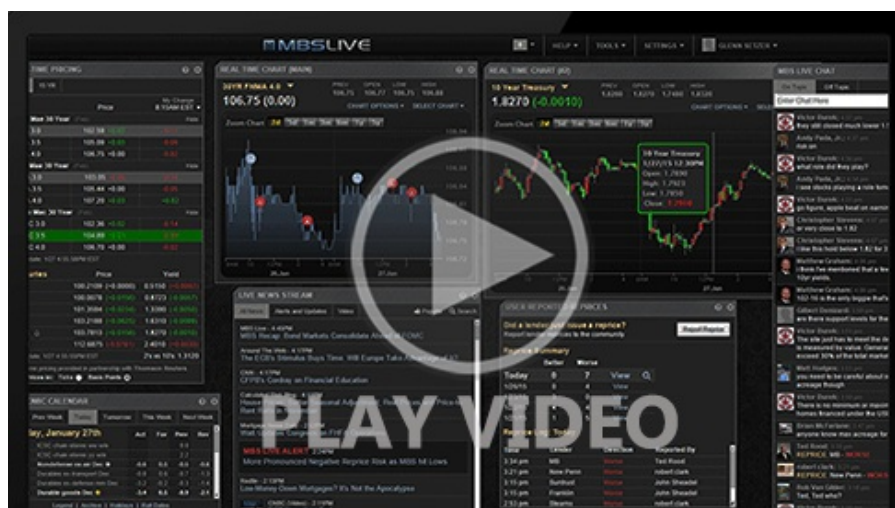
**Matt Graham**  
Founder and CEO, MBS Live



## MBS Outperform as Treasuries Give Back Some of Last Week's Gains

MBS Recap | Matthew Graham | 4:40 PM

After rallying from roughly 4.45 to 4.22% last week, 10yr Treasuries began the new week with a move up 4.28%. MBS didn't lose ground as quickly today, which is what you'd expect after they underperformed for a week as Treasuries rallied somewhat sharply. It was a boring day in terms of data, events, and volume. NY Fed Manufacturing didn't have a discernible impact and traders were unsurprised by updates from Fed's Harker. The losses feel like a token correction with effectively no bearing on tomorrow's directionality. That majority of that honor goes to Retail Sales, or at least all rights are reserved by Retail Sales. It would still take a big beat or miss to prompt a logical and meaningful reaction.



## MBS Morning

11:17 AM Low Volume Monday Greasing Skids For Volatility

## Econ Data / Events

- ○ NY Fed Manufacturing
  - -6 vs -9, -15.6 prev

## Market Movement Recap

- 10:22 AM Weaker overnight and steady selling early. 10yr up 6.6bps at 4.29. MBS down nearly a quarter point in 5.5 coupons.
- 01:44 PM Bounce back a bit from weakest levels. MBS down 6 ticks (.19) and 10yr up 4.8bps at 4.272
- 04:14 PM Flat all afternoon with both MBS and Treasuries in line with the previous update

## Lock / Float Considerations

- Higher risk/reward heading into Retail Sales, but in general, there's a higher bar (in the form of downbeat economic data) for additional progress toward lower rates. That completely changes if we see more inflation data like the most recent CPI, but we're weeks away from an opportunity. This data dependency advocates risk aversion in general, but risk takers can continue to use overhead pivot points as lock triggers.

## Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.57
  - 4.49
  - 4.35
- Floor/Resistance
  - 4.07
  - 4.19

## MBS & Treasury Markets



### MBS

- 30YR UMBS 5.5
- 30YR UMBS 6.0
- 30YR GNMA 5.5
- 15YR UMBS-15 5.0

### US Treasuries

10 YR	4.283%	+0.060%
2 YR	4.766%	+0.059%
30 YR	4.412%	+0.064%
5 YR	4.306%	+0.064%

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