

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Ultimately an Uneventful Week Despite Micro-Volatility



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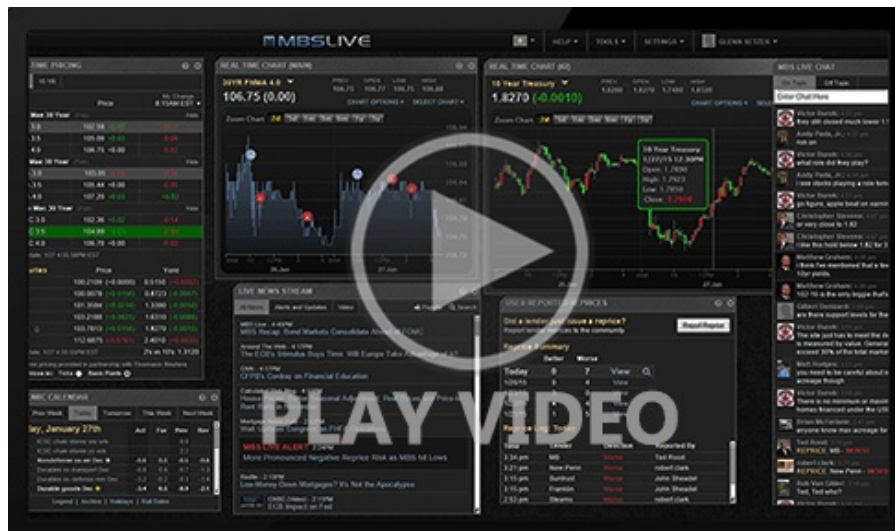
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# Ultimately an Uneventful Week Despite Micro-Volatility

MBS Recap | Matthew Graham | 4:40 PM

This morning featured an overnight rally driven by weakness in European PMI data and a logical sell-off following much stronger PMI data in the U.S. Specifically, S&P Global's Services PMI rose to the highest level in more than 2 years. This is some of the earliest available data for the month of June and the burden of refutation is on incoming data that is week's away (for instance, next week's headline report, PCE, is still for the month of May). Today's selling never got out of hand, however, and that meant the week as a whole was wholly uneventful in the bigger picture.



[Watch the Video](#)

## Alert

9:49 AM Losing Some Ground After PMI Data

## MBS Morning

10:56 AM Logical Reaction to Much Stronger Services PMI

## Econ Data / Events

- ○ S&P Services PMI
  - 55.1 v s 53.7 f'cast, 54.8 prev
- S&P Manufacturing PMI
  - 51.7 vs 51.0 f'cast, 51.3 prev
- Existing Home Sales
  - 4.11m vs 4.10m f'cast, 4.14m prev

- 4.111 vs 4.101m fcast, 4.141m prev
- Leading Economic Indicators
  - -0.5 vs -0.3 fcast, -0.6 prev

## Market Movement Recap

- 09:36 AM Moderate overnight gains, following Europe. 10yr down 4bps at 4.22. MBS up 3 ticks (.09).
- 10:43 AM Weaker after PMI data with 10yr now up 1.2bps. MBS down 2 ticks (.06).
- 12:45 PM Sideways to slightly stronger after AM sell-off. MBS unchanged. 10yr down 0.3bps at 4.258
- 04:37 PM Low volatility afternoon. MBS up 1 tick (.03). 10yr down 0.4bps at 4.256

## Lock / Float Considerations

- Heading into next week's Treasury auction cycle, and with Friday's PMI data alluding to potential strength in June's forthcoming reports, a risk-averse, lock-biased approach is the most obvious choice. This is further supported by the technical resistance seen near 4.20% in 10yr yields. In the big picture, however, there's renewed hope that a broad downtrend in rates is underway, pending confirmation from June's inflation and labor market data (still several weeks away).

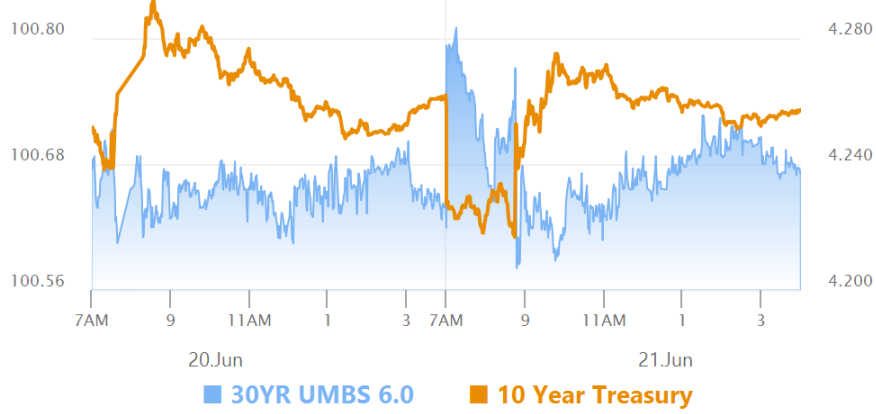
## Technical/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.57
  - 4.49
  - 4.35
  - 4.30
- Floor/Resistance
  - 4.07
  - 4.19

## MBS & Treasury Markets

100.92

4.320



### MBS

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

### US Treasuries

10 YR	4.256%	-0.004%
2 YR	4.729%	-0.011%
30 YR	4.397%	+0.000%
5 YR	4.271%	-0.008%

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