

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.



MBS Recap: Sideways Trend Looking Shifty



Matthew M. Loan

Senior Loan Officer,
Mortgage Company, LLC.

mbslive.net

P: (704) 867-5309

M: (980) 867-5309

1050 W. Main St.
Charlotte NC 28031

NMLS: #987654321



Sideways Trend Looking Shifty

MBS Recap | Matthew Graham | 3:52 PM

Using Treasury yields as a road map, the past week and a half has been excruciatingly sideways for the bond market. Yields haven't been over 4.29 during domestic hours for more than a few minutes and never far under 4.21. Of those two levels, it's the 4.29% "ceiling" that's seen more activity and today brought a breakout--albeit a modest one. Yields were just under 4.32% at the 3pm close, but not for reasons that are inspiring or significant as far as the classic bond-watching playbook is concerned. It's not that they don't matter, only that things like Japan's potential currency intervention and high Australian inflation are the smallest potatoes next to things like big ticket U.S. economic reports such as this Friday's PCE, or several of the key reports in the first 2 weeks of July. A shift in trends in response to that data would be more of a concern. This is just an unlucky break on a small scale for now.





Watch the Video

MBS Morning

10:31 AM Overnight Overseas Pressure

Update

1:12 PM Off The Weakest Levels After 5yr Auction

Alert

2:29 PM Weakest Levels. Some Negative Reprice Risk

Econ Data / Events

- ○ New Home Sales
 - 619k vs 640k f'cast, 698k prev

Market Movement Recap

- 10:08 AM moderately weaker overnight with additional selling around 9:15am. 10yr up 4.7bps at 4.296 and MBS down an eighth.
- 01:03 PM No major reaction to 5yr auction. 10yr currently up 6bps at 4.308. MBS down 5 ticks (.16).
- 02:30 PM gradual losses since 1:30pm. Weakest levels now with MBS down 7 ticks (.22). 10yr up 6.6bps at 4.315
- 03:52 PM Heading out near weakest levels with both MBS and Treasuries right in line with the last update.

Lock / Float Considerations

- Risk takers must now consider the potential break above 4.29% as a lock cue, but it's about as soft as lock cues come considering the lack of meaningful inspiration from domestic data. The expansion of

the short term range ceiling is unlucky for now, but the truly meaningful movement is more likely to be driven by the big ticket data in the first 2 weeks of July. Friday's PCE prices are the only other noteworthy risk/opportunity this week.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.57
 - o 4.49
 - o 4.35
 - o 4.30

- Floor/Resistance
 - o 4.07
 - o 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	4.317%	+0.068%
2 YR	4.745%	+0.002%
30 YR	4.448%	+0.068%
5 YR	4.335%	+0.059%

[Open Dashboard](#)

[Share This](#)