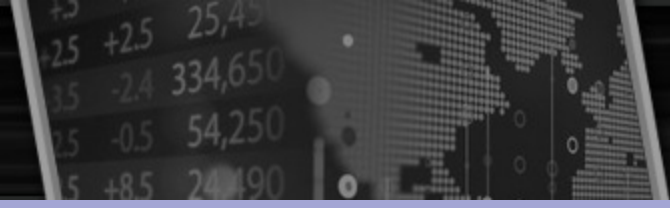


MBS & TREASURY MARKETS

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MBS Recap: Super Duper Flat After Overnight Losses



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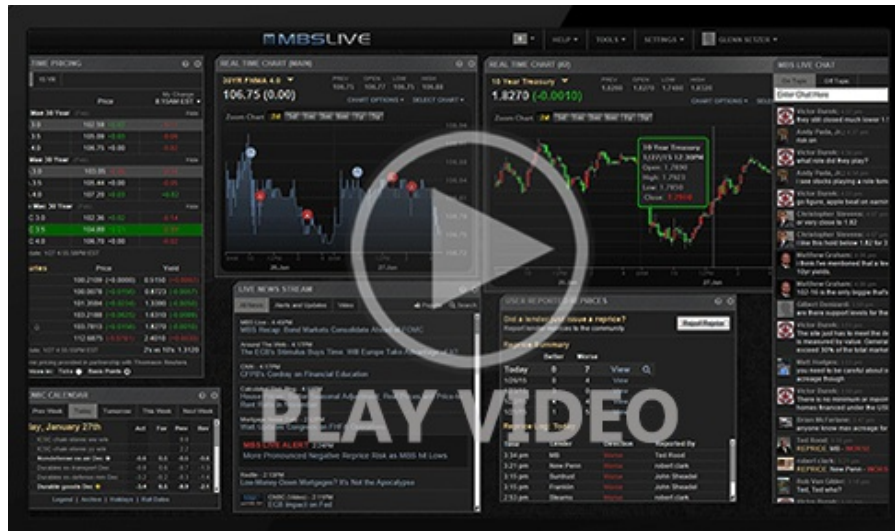
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Super Duper Flat After Overnight Losses

MBS Recap | Matthew Graham | 5:21 PM

In a vacuum limited to this week, Friday ended up being the only interesting day because it was the only outlier in terms of bond market price action. On the previous 4 days, the highest MBS price was within a 0.09 range and the lowest price was within a 0.06 range. Lastly, the widest high/low range of the week was about a quarter point. If you're not sure what to make of that, it means Mon-Thu were flat. Friday was flat too, but only after overnight losses took MBS prices almost a half point below Thursday's highs. In the bigger picture, this still isn't that significant--especially considering these levels would still be the best in several months before last Thursday's friendly CPI data.



Watch the Video

MBS Morning

10:26 AM Lower Volume And Corporate Bond Issuance Pushing Yields Higher

Market Movement Recap

- 10:03 AM Weaker overnight with additional selling early. 10yr up 4.2bps at 4.242. MBS down 6 ticks (.19).
- 01:04 PM sideways near weakest levels. MBS down 5 ticks (.16) and 10yr up 3.4bps at 4.236
- 03:45 PM Zero change since last update. Very flat in general since the AM hours and even flatter in the PM hours.

Lock / Float Considerations

- ⊖ Bonds continue struggling to find a reason to extend the recent rally in any major way, but they're also

not struggling at all to find reasons to hold ground at the strongest levels in months. It's too soon to conclude that Friday's weakness marks a trend reversal, but again, we're not sure what the rationale would be for a major extension of the gains until and unless CPI or NFP make a rate-friendly case (and those reports are still weeks away).

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.49
 - o 4.35
 - o 4.30
 - o 4.17
- Floor/Resistance
 - o 3.91
 - o 4.07

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	4.239%	+0.037%
2 YR	4.514%	+0.040%
30 YR	4.449%	+0.030%
5 YR	4.167%	+0.048%

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