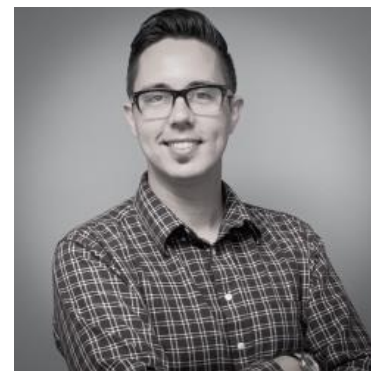


# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Afternoon Weakness For Longer-Term Bonds. Are MBS in That Category?



**Mike Hardy**

Mortgage Advisor, Fairview Mortgage Capital, Inc.

[mortgagemike562.com](http://mortgagemike562.com)

M: (562) 370-0544

29000 S. Western Ave.  
Rancho Palos Verdes CA 90275

NMLS#1175689

DRE #01326046



## Afternoon Weakness For Longer-Term Bonds. Are MBS in That Category?

MBS Recap | Matthew Graham | 4:23 PM

It's easy to throw around general categories when discussing the bond market such as "longer" and "shorter" term (also seen as longer and shorter ends of the yield curve). But where is the cut off? In general, the current crop of MBS being produced to cover new mortgage originations is actually somewhere in the middle of the pack (i.e. the belly of the curve). That's because the average newly-originated mortgage is not expected to last nearly as long as the 10yr Treasury note that often serves as a basis for comparison. Who cares? Not us, usually. It only matters on days where long and short term rates are doing noticeably different things. In today's case, that provided some small benefit to MBS when compared to the 10yr.





Watch the Video

## MBS Morning

11:39 AM Uneventful, Slightly Stronger Start; Light Calendar

Alert

4:06 PM MBS at Lows, Down an Eighth from AM Highs

## Econ Data / Events

- Existing Home Sales
  - 3.89m vs 4m f'cast, 4.11m prev

## Market Movement Recap

- 10:09 AM modestly stronger overnight and sideways so far. MBS up 3 ticks (.09) and 10yr down 2.4bps at 4.228.
- 01:01 PM still sideways ahead of 2yr Treasury auction. 10yr down 2.4bps at 4.22. MBS up 3 ticks (.09).
- 03:58 PM Near weakest levels, but in a narrow range. MBS up 1 tick (.03) and 10yr down only 0.4bps at 4.249

## Lock / Float Considerations

- With some early pressure in the new week, there's a modest case to be made that bonds have been correcting off the strong levels achieved last week. The risk averse approach would be to wait for further correction to be ruled out. Risk tolerant clients still probably haven't seen enough weakness to force their hands, but they should be aware of calendar risks associated with data and auctions in the 2nd half of the week.

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

- Ceiling/Support (can be used as "lock triggers")
  - 4.49
  - 4.35
  - 4.30
  - 4.17
  
- Floor/Resistance
  - 3.91
  - 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	4.252%	-0.001%
2 YR	4.495%	-0.023%
30 YR	4.483%	+0.011%
5 YR	4.164%	-0.010%

[Open Dashboard](#)

[Share This](#)