

MBS & TREASURY MARKETS

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MBS Recap: Bonds Snooze Through Fed Minutes

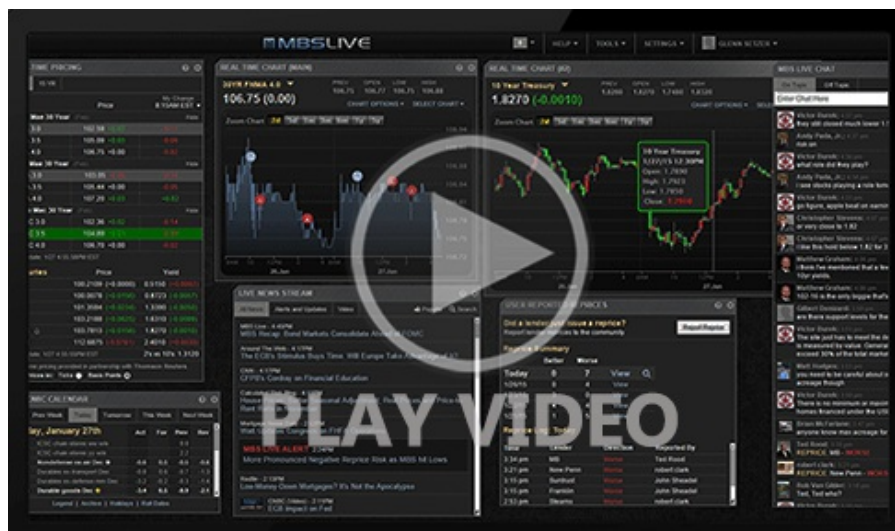


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Bonds Snooze Through Fed Minutes

MBS Recap | Matthew Graham | 4:18 PM

At first glance, and based on conventional wisdom, today's most relevant calendar consideration for the bond market should have been the 2pm release of the Minutes from the most recent Fed meeting. In reality, however, it would have been hard for bonds to care any less. This isn't a surprise considering we already knew the Fed discussed cutting in July and has all but promised to cut in September. The day's biggest source of inspiration was the confusion surrounding the scheduled 10am release of the QCEW payroll data as discussed in the AM commentary.



Alert

10:39 AM Losing Some Ground After Payroll Revisions

Update

10:58 AM Bonds Now Back in Line With Pre-Data Levels

MBS Morning

12:18 PM Range-Bound Volatility Surrounding Employment Revisions

Alert

4:18 PM MBS Roughly an Eighth Below Afternoon Highs

Econ Data / Events

- ○ Quarterly Census of Employment and Wages (QECW) for March 2024
 - Revised down 818k
 - expectations ranged from 600k to 1.2m

Market Movement Recap

- 09:42 AM Flat overnight with small gains early. MBS up 3 ticks (.09). 10yr down half a bp at 3.802
- 01:01 PM Plenty of volatility in a narrow range surrounding QCEW. MBS now up an eighth of a point and 10yr down 2.4bps at 3.783.
- 02:07 PM Modest additional improvement after Fed Minutes. MBS up 5 ticks (.16). 10yr down 4bps at 3.766.
- 03:58 PM Off the best levels, but MBS still up 2 ticks (.06) and 10yr still down 1.4bps at 3.793

Lock / Float Considerations

- Bonds are in a holding pattern with 10yr yields just under 4% until further notice. Risk and reward are muted at the start of the week--at least as far as scheduled events are concerned. Volatility potential increases with scheduled events on Thursday and Friday (and possibly even Wednesday afternoon's Fed minutes).

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.07
 - o 3.95
- Floor/Resistance
 - o 3.58
 - o 3.70
 - o 3.82
 - o 3.87

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	3.801%	-0.006%
2 YR	3.938%	-0.046%
30 YR	4.077%	+0.016%
5 YR	3.658%	-0.030%

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