

# MBS & TREASURY MARKETS

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## MBS Recap: Uneventful Monday Despite AM Volatility



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## Uneventful Monday Despite AM Volatility

MBS Recap | Matthew Graham | 5:00 PM

Durable goods data made for a semblance of volatility this morning, with the core components resulting in a small rally at 8:30am. Bonds bounced back into weaker territory at 9:30am amid NYSE tradeflows. There was another mini-rally and another mini-sell-off ultimately giving way to an extremely narrow range near unchanged levels for the rest of the day. MBS outperformed Treasuries by an amount that makes good logical sense on a Treasury auction week. All in all, it may as well have been a 3 day weekend.



Watch the Video

## MBS Morning

9:10 AM Why Are Bonds Rallying Despite Much Stronger Durable Goods?

### Update

10:07 AM MBS Down an Eighth From Highs

## Econ Data / Events

- ○ Durable Goods
  - 9.9 vs 5.0 f'cast, -6.9 prev
- Core Durable Goods
  - -0.1 vs 0.0 f'cast, 0.5 prev

## Market Movement Recap

- 08:46 AM Modestly weaker overnight and recovering after Durable Goods data. MBS unchanged. 10yr down 0.6bps at 3.794
- 10:01 AM Back into negative territory. MBS down 2 ticks (0.06) and 10yr up 1.7bps at 3.817
- 03:19 PM Sideways in a narrow range since the last update. MBS unchanged and 10yr up 1.4bps at 3.814

## Lock / Float Considerations

- Uneventful start to the new week. Not much data this week, but Treasury auction cycle connotes headwinds until Thursday, all other things being equal. Risk/reward is much lower than it will be in the next 2 weeks, but volatility can still occur in response to a few of the AM economic reports--Friday's PCE and Thursday's jobless claims being the most notable.

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

- Ceiling/Support (can be used as "lock triggers")
  - 4.07
  - 3.95

### Floor/Resistance

- 3.58
- 3.70
- 3.82
- 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	3.815%	+0.015%
2 YR	3.937%	+0.026%
30 YR	4.105%	+0.014%
5 YR	3.665%	+0.017%

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