

MBS & TREASURY MARKETS

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MBS Recap: No Major Reaction to Data, But Data Remains Relevant

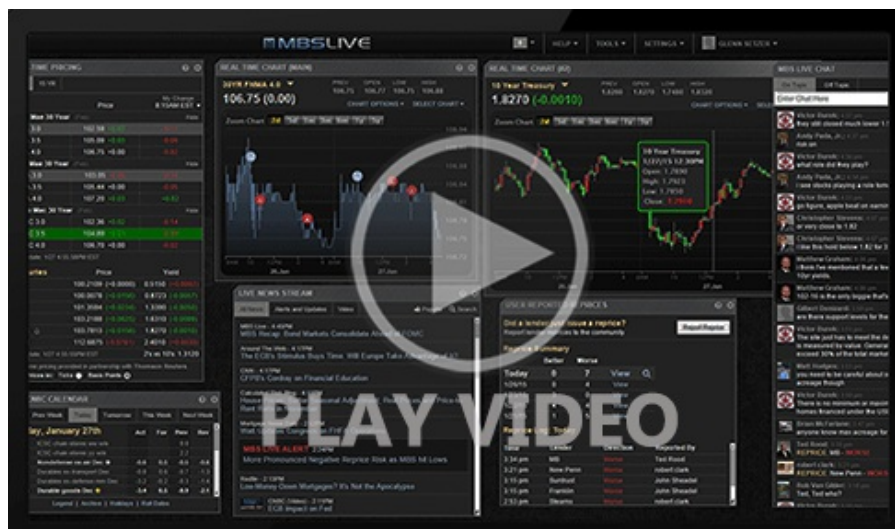


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No Major Reaction to Data, But Data Remains Relevant

MBS Recap | Matthew Graham | 3:54 PM

As with most "first weeks of the month," this one has potentially significant economic data every single morning. With ISM Manufacturing kicking things off, today was no exception, but it didn't end up having a big impact. Considering the near perfect alignment with expectations, that's not much of a surprise. The flood of "new month" trading positions ended up being a much bigger market mover (well before the data). Weakness in the stock market also helped drive some safe haven buying in Treasuries.



Watch the Video

Update

10:06 AM Minimal Impact From ISM Data; Gains Intact

MBS Morning

10:28 AM Friday's Weird Month-End Trading Now a Distant Memory

Update

12:48 PM Down an Eighth From Highs

Econ Data / Events

- ○ S&P Manufacturing PMI
 - 47.9 vs 48.0 f'cast
- ISM Manufacturing PMI
 - 47.2 vs 47.5 f'cast
- ISM Prices
 - 54.0 vs 52.5 f'cast

Market Movement Recap

- 09:40 AM New month trading = gains for bonds. 10yr down 5.2bps at 3.852. MBS up 6 ticks (.19).
- 12:48 PM still stronger but off best levels. MBS up 5 ticks (.16) and 10yr down 4.7bps at 3.857
- 02:18 PM Flat at the same levels as the last update. 10yr down 5.3bps at 3.851

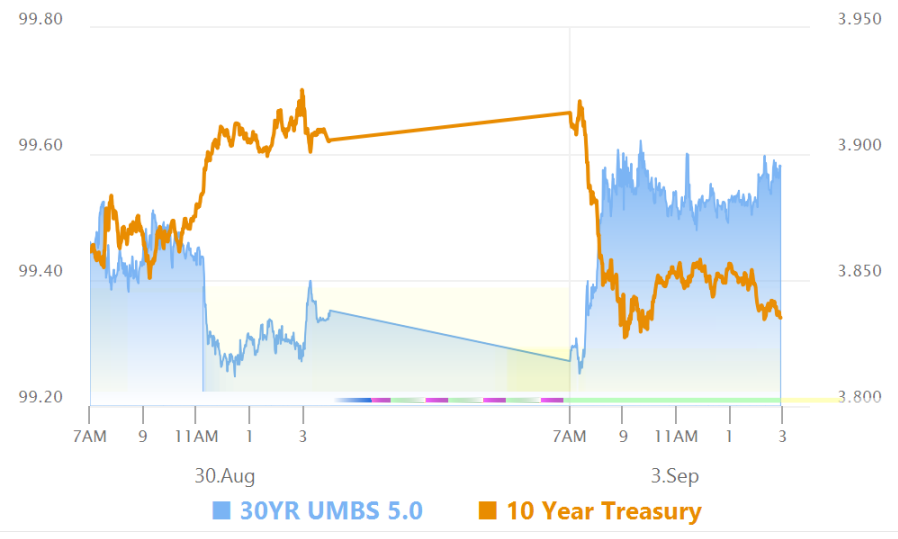
Lock / Float Considerations

- Potential volatility exists on every trading day between now and the jobs report on Friday 9/6. Given that these levels have been well established, there's no directional implication from short term technicals.

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 5.0	+
30YR UMBS 5.5	+
30YR GNMA 5.0	+
15YR UMBS-15 5.0	+

US Treasuries

10 YR	3.835%	-0.069%
2 YR	3.869%	-0.045%
30 YR	4.127%	-0.066%
5 YR	3.643%	-0.058%

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