

MBS & TREASURY MARKETS

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MBS Recap: Persistent Rally After Data. More Data Ahead

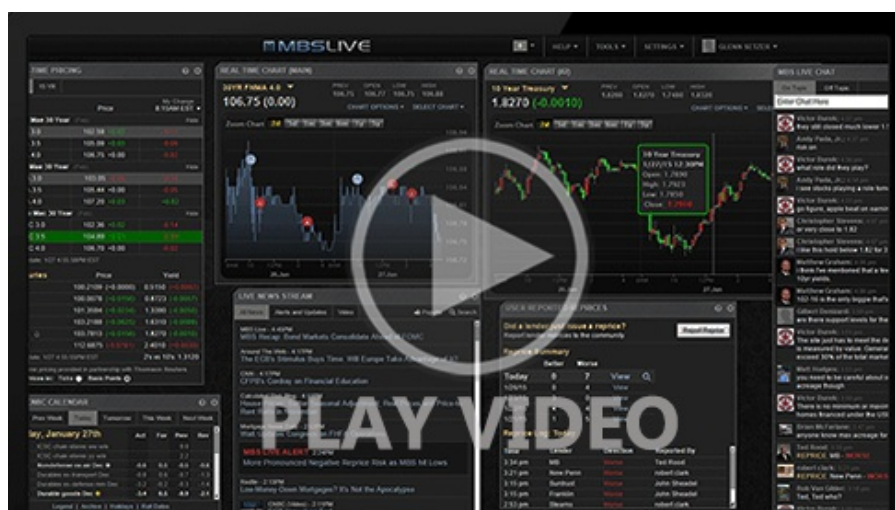


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Persistent Rally After Data. More Data Ahead

MBS Recap | Matthew Graham | 4:19 PM

Wednesday ended up being almost exclusively about the Job Openings data in the morning. Bonds were fairly flat before that and rallied sharply afterward. Once the initial reaction ran its course (in mere minutes), the rest of the day was an uneventful drift in a rate-friendly direction. Yields hit the 3pm close several bps under the 3.80% technical level in 10s, which makes this a bit of a "lead-off" to whatever extent you were planning on the 3.8-4.0 range remaining intact until Friday's jobs report. In other news, the yield curve uninverted at times--a fact that means nothing about the future even though you'll certainly see claims to the contrary.



Update

10:03 AM Bonds Rallying on JOLTS Data

MBS Morning

12:09 PM Fewer Job Openings. Lower Bond Yields

Econ Data / Events

- ○ Job Openings
 - 7.673m vs 8.100m f'cast
 - last mo revised to 7.91 from 8.18
- Job Quits
 - 3.277 vs 3.282m prev
 - (lower is better for bonds)

Market Movement Recap

- 10:08 AM modestly stronger overnight with additional gains after JOLTS data. MBS up 6 ticks and 10yr down 4.7bps at 3.785
- 12:44 PM Sideways near best levels. MBS up 6 ticks (.19). 10yr down 5 bps at 3.782
- 03:17 PM Best levels of the day with MBS up a quarter point and 10yr down 7bps at 3.763

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.

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

US Treasuries

10 YR	3.754%	-0.078%
2 YR	3.759%	-0.105%
30 YR	4.058%	-0.066%
5 YR	3.550%	-0.089%

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