

# MBS & TREASURY MARKETS

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## MBS Recap: Much Calmer, But Risks Remain



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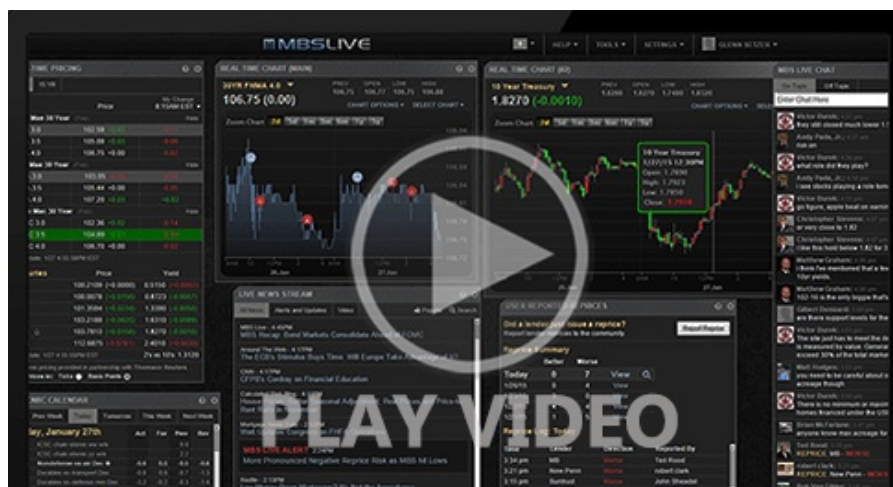
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## Much Calmer, But Risks Remain

MBS Recap | Matthew Graham | 4:34 PM

Bonds had a significantly calmer day in terms of day-over-day change. In fact, by the 3pm close, both MBS and Treasuries were close enough to unchanged. There was a bit of intraday volatility that saw bonds attempt to stage a little rally only to give it all up by the noon hour--the latest reminder that we're dealing with some asymmetric risks over the next few weeks.



## MBS Morning

10:30 AM Off to a Better Start vs Monday (Not That The Bar Was High...)

### Alert

11:21 AM Negative Reprice Risk Creeping In

## Econ Data / Events

- ○ Housing Starts
  - 1.354m vs 1.350m f'cast, 1.356m prev
- Building Permits
  - 1.428m vs 1.46m f'cast, 1.47m prev

## Market Movement Recap

- 09:14 AM Initially weaker overnight, but back into positive territory by the open. 10yr down 2.2bps at 4.18 and 5.5 UMBS up 3 ticks (.09).
- 11:22 AM Back to weakest levels. MBS unchanged and 10yr nearly unchanged at 4.199.
- 01:07 PM Worst levels just after noon, but bouncing back a bit now. MBS up 1 tick (.03). 10yr unchanged at 4.202.
- 03:44 PM Drifting sideways since last update. MBS up 1 tick (.03) and 10yr down 0.4bps at 4.198

## Lock / Float Considerations

- While the bigger picture rate outlook remains data dependent (i.e. a super strong jobs report = higher rates and vice versa), consider the likelihood of significant election related volatility until further notice.

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

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

- 4.35
- 4.30

- Floor/Resistance

- 3.87
- 4.00
- 4.12
- 4.20

## 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	4.206%	+0.004%
2 YR	4.034%	0.000%
30 YR	4.498%	-0.005%
5 YR	4.005%	+0.011%

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