

MBS & TREASURY MARKETS

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MBS Recap: Bonds Doing What Bonds Do



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Bonds Doing What Bonds Do

MBS Recap | Matthew Graham | 5:13 PM

Another week, another chance for bonds to do the only thing it seems like they know how to do recently: sell off. It actually didn't look like a foregone conclusion this morning. Bonds were only slightly weaker overnight and managed to move into positive territory in the first hour and a half of domestic trading. After that, the selling was consistent and directional for the rest of the AM hours. A combination of Treasury auction indigestion and ongoing pre-election positioning can broadly be blamed, but without the normal level of correlation between singular big ticket data releases or news headlines and market movement, we'd take most assessments with a grain of salt when it comes to "what's moving markets."





Watch the Video

MBS Morning

10:40 AM Here Comes The Data (Starting Tomorrow)

Alert

11:04 AM MBS Down More Than an Eighth From Highs

Alert

12:03 PM Negative Reprices Becoming More Likely

Market Movement Recap

- 09:16 AM weaker overnight, but bouncing back early. MBS up 1 tick (.06) and 10yr down 1.2bps at 4.23
- 11:05 AM Weakest levels of the day now with MBS down 2 ticks (.06) overall and 5 ticks (.16) from the highs. 10yr up 2.1bps at 4.263
- 12:30 PM MBS down 7 ticks (.22) and 10yr up 4.7bps at 4.289
- 02:54 PM Off the weakest levels. MBS down 5 ticks (.16) and 10yr up 3.3bps at 4.275

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. As for any flashes of potential hope, we continue to advocate waiting for genuine motivation in the data or election outcome rather than technical analysis.

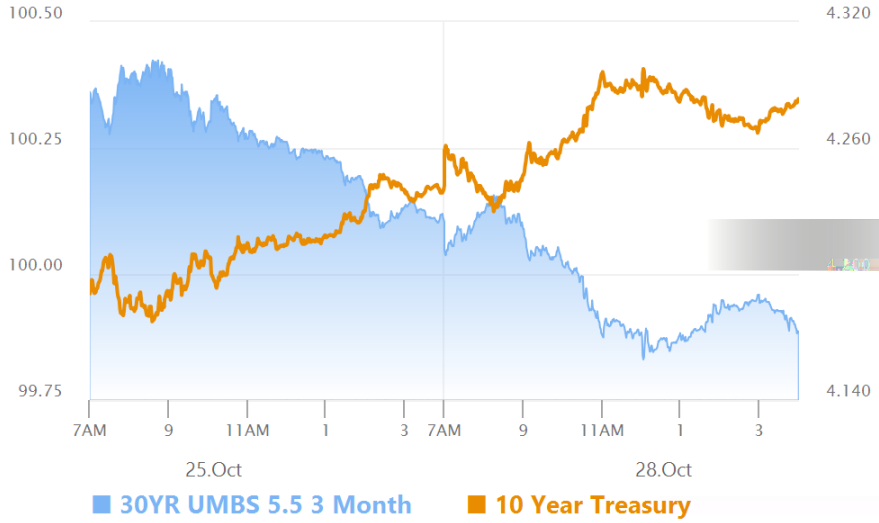
Technical/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.35
 - o 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	4.283%	+0.041%
2 YR	4.139%	+0.041%
30 YR	4.531%	+0.029%
5 YR	4.123%	+0.054%

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