# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

# MBS Recap: Why Bonds Tanked Despite Super Low NFP



Joseph Moran President, Home Fast Funding Inc.

www.gethomefast.com P: (813) 940-7272 jmoran@homefastfunding.com

100 South Ashley Drive Tampa FL 33612 156840 1639621



# Why Bonds Tanked Despite Super Low NFP

MBS Recap Matthew Graham | 5:06 PM

Nonfarm Payrolls (NFP) came in at 12k versus a median forecast of 113k, and a previous reading of 254k. If those were the only facts you knew, on almost any other jobs report day in the history of jobs report days, you'd be well advised to bet heavily on a bond rally. The fact that bonds tanked can only be explained by an unknown combination of two things--maybe 3. We're all already family with bonds generally weakening ahead of the election. That could be an ongoing factor behind today's weakness. But there's also some nuance in the jobs report if we agree that the payroll count was artificially distorted by temporary events. Lastly, ISM prices rose to the highest levels of the year. This could have some traders thinking "what if inflation has another bounce like it did in early 2024?" This might seem like a longshot, but bonds were still in positive territory by the time ISM came out.

e and	am tarka i m						
			MMBS	LIVE	III - mar-	100.5 • MITINGS • 🛄 GLOWN SE	
INC FROM	4	0.0	BEAL THE CHART MANE	0.0	HEAL THE OWNER (10)		MES LIVE OWN
12.18			STREEMALS *	PROF 0708 LOW MOR 108,75 108,77 108,75 108,88	10 Year Treasury *	PROF OFEN LOW MOR	COLOR OF THE
	Prot	And the second	106.75 (0.00)	CHARLOTTONS + DELECTIONAL +	1.8270 (-0.0010	Cover persons of	DRP Outney
Res 10 Year			Junction 10 102 102	NAME AND TAXABLE	Described IN THE N		and the local state of the second
					Concernent of the second	an (see, see ) the (see	They still closed much lower
	10108-0101						And Parks, Aug. 1. 17 and
						10 fear Decemp	Con Date Dank Low
ine (ill Taner -			1.1.1	194.00		100000 10 3000	and have did they play?
			11.485			Quen 1/100	Anty Party All Lines
	100.441-0.00		and the second second	International Contraction		1 104 17931	These shocks playing a role to
	10720-001					Const Links	De far Darade
Real Print						Constant of Constant	
				Contract of Contra			Christopher Einverni + 17
	And the other						arvey door to 1 M

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.



Watch the Video

#### Update

8:38 AM Swing and a Miss For NonFarm Payrolls. Bonds Rallying

#### **MBS Morning**

10:06 AM Yes, NFP Really Dropped to 12k, But Don't Expect a Huge Rally

#### Alert

10:22 AM Down More Than a Quarter Point From Highs

#### Alert

11:51 AM Negative Reprice Risk Increasing

# Econ Data / Events

- • Nonfarm Payrolls
  - 12k vs 113k f'cast, 223k prev
  - Unemployment Rate
    - 4.1 vs 4.1 f'cast, 4.1 prev
  - ISM Manufacturing
    - 46.5 vs 47.6 f'cast, 47.2 prev
  - ISM Prices
    - 54.8 vs 48.5 f'cast, 48.3 prev

# Market Movement Recap

- 10:07 AM Initially stronger after NFP, but losing ground since 8:50am ET. MBS still up 3 ticks (.09) but 10yr unchanged at 4.287
- 11:09 AM Additional weakness. MBS down an eighth on the day and 10yr up 5.4bps at 4.34

- Weakest levels. 10yr up 7.8bps at 4.364. MBS down 6 ticks (.19).
- 04:47 PM going out at new highs for 10s, up 9.8bps at 4.385, and new lows for MBS, down 7 ticks (.22) in 5.5 coupons.

### Lock / Float Considerations

The market's unwillingness to maintain any gains following the jobs report is the latest piece of evidence that a meaningful rate rally isn't possible until after the election. Whether or not someone should hold out for that depends entirely on the election outcome. Some talking heads suggest bonds rally either way because they've simply moved to the sidelines, but we'd approach it from this standpoint of more selling being possible depending on the election outcome (including congressional elections).

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

- Ceiling/Support (can be used as "lock triggers")
  - **4.49**
  - **4.43**
- Floor/Resistance
  - **4.12**
  - · 4.20
  - · 4.30
  - **4.35**



# **MBS & Treasury Markets**

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

JMBS 6.0 GNMA 5.5				
NMA 5.5				
30YR GNMA 5.5 15YR UMBS-15 5.0				
	4.385%	+0.099%		
	4.210%	+0.030%		
	4.580%	+0.104%		
	4.210%			

**WR2** 

**Open Dashboard** 

Share This