MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Breaking Down The Big (Mostly) Non-Fed-Related Rally



Kevin J. Hanna President & CEO, Lions Capital Mortgage

lionscapitalmortgage.com M: (503) 307-4453 kevin@lionscapitalmortgage.com

135 A Avenue Lake Oswego OR 97034 1044502



Breaking Down The Big (Mostly) Non-Fed-Related Rally

MBS Recap Matthew Graham | 5:10 PM

As intraday charts give way to daily charts in the coming weeks, it will be all too easy to look back on today's calendar and conclude that it could only have been the Fed announcement that was capable of motivating a 10+bp rally in Treasuries and a half point gain in MBS. As we here in the past know, that rally was largely already in place ahead of the Fed announcement. We can't chalk it up to the high continued claims number, though that may have helped. The simplest theory is that there are "dip buyers" in bonds now that the election is over. It's not a bad one, but we could just as easily say that a glacial drift toward higher rates got ahead of itself yesterday and fell back in line with the trend today. Either way, MBS and mortgage rates have outperformed the move in Treasuries, and there's at least a moment of hope for optimists to imagine an inflection point.

	e gezara e			e An Stillin an t-Anna an t-A	a second s		
			MMBS	MMBSLIVE		🖬 •	
INC PROP	mi)	0.0	REAL THE CHART MANE	0.0	REAL TIME CHART HOP		MUS LIVE OWAT
12.18			DEVERSIONALS *	PROF 1970% Line more 198,75 198,77 198,75 198,88			COLOR OF MAR
	Prop	A TOAM LOT .	106.75 (0.00)	Cover princes - Select cover -	1.8270 (-0.0010)	Chief Chief Chief Chief	GRADIELEN
Res 10 Year			Junction 24 Tel Tel	Ser Your Third Third	Anna Chart Mr. THE THE THE THE THE THE		They all proved much lower 1
					Concernance of the last of	Concentration (Carl	
							Andy Parks, dog 1.1 and
						10 Fear Descent	CO Peter Dank Lines
fee (il Tear			1.1.1	194.00		100/05 12 30PM	and have the Rey play?
		1944	1146			Open 1/000 High 1/901	AND AND BUILDED
	10144-030			THE REAL PARTY		Level 1 mot	Take shots playing a nim ber
•0			TU 100.0			Gene 12810	The Darake of Street
Red Do Tree							an bern, apple beat or nami
				and the second se			Christopher Einenner, 117 pr
			1 10			46.7	Christenber Versten +1/
	106.70 -0.00						The he had been the ball
			Section descriptions	100 C		Statement and a statement of the local division of the local divis	Retform Graham, 1 11 pr.

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



Watch the Video

Update9:25 AM Bonds Improving After Jobless Claims DataMBS Morning12:27 PM Token Resilience After Data. Is The Fed Going to Mention The Election?Commentary2:00 PM Here's What Changed in The New Fed AnnouncementUpdate2:04 PM First Move is Modestly Weaker After Fed AnnouncementAlert2:44 PM Bonds Losing a Bit More Ground NowUpdate3:08 PM Bonds Bounce Right Back After a Few Friendlier Comments

Econ Data / Events

- • Jobless Claims
 - 221k vs 221k f'cast, 218k prev
 - Continued Claims
 - 1892k vs 1880k f'cast, 1853k prev

Market Movement Recap

- 08:40 AM Slightly stronger overnight and little-changed after jobless claims data. MBS are up a quarter point and 10yr yields are down 1.6bps at 4.415
- 12:35 PM Additional gains all morning. MBS at best levels, up half a point. 10yr down 9bps at 4.34

- 02:27 PM unchanged to a hair weaker after Fed announcement. MBS up 15 ticks (.27) and 10yr down 7.6bps at 4.356
- 03:11 PM 2 way trading after Powell press conference, but mostly stronger. MBS up more than half a point and 10yr down 11.3bps at 4.318

Lock / Float Considerations

Thursday's rally raises the question of the worst of the recent rate spike being over. As nice as that sounds, it cannot be confirmed, if for no other reason than the fact there was no obvious reason for today's gains. It wasn't jobless claims (although they may have helped) and it definitely wasn't the Fed (although the Fed didn't get in the way). The simplest theory is that there are "dip buyers" in bonds now that the election is over. It's not a bad one, but we could just as easily say that a glacial drift toward higher rates got ahead of itself on Wednesday and fell back in line with the trend today. Either way, MBS and mortgage rates have outperformed the move in Treasuries, and there's at least a moment of hope for optimists to imagine an inflection point. Pragmatists want to see a sustained rally that's underpinned by legitimate motivation in economic data.

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

	7.Nov	6.Nov	
	30YR UMBS 5.5 3 Month 📕 10 Year Treasury		
	MBS		
+		30YR UMBS 5.5	
+		30YR UMBS 6.0	
+		30YR GNMA 5.5	
+		15YR UMBS-15 5.0	
	US Treasuries		
-0.104%	4.328%	10 YR	
-0.067%	4.204%	2 YR	
-0.077%	4.532%	30 YR	
-0.102%	4.174%	5 YR	

Open Dashboard

Share This