

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: No Major Data. No Major Drama



Mike Hardy

Mortgage Advisor, Fairview
Mortgage Capital, Inc.

mortgagemike562.com

M: (562) 370-0544

29000 S. Western Ave.
Rancho Palos Verdes CA 90275

NMLS#1175689

DRE #01326046

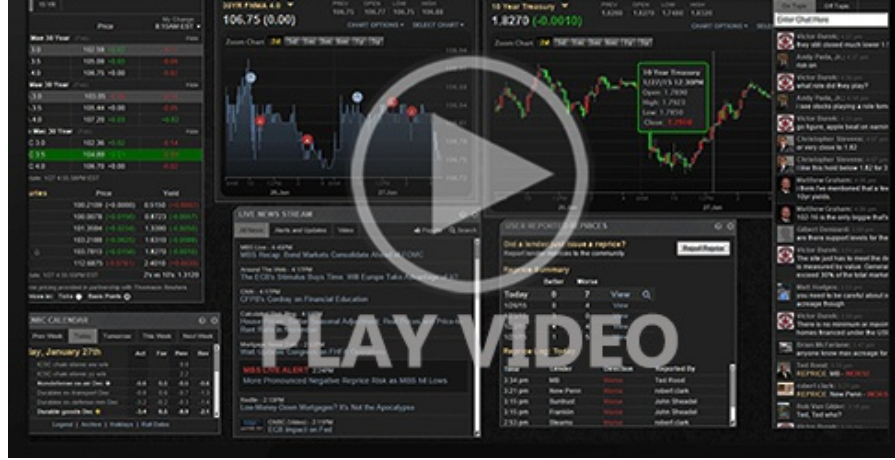


No Major Data. No Major Drama

MBS Recap Matthew Graham | 2:46 PM

While today's economic calendar was not necessarily "empty," it may as well have been in terms of market movement potential. Home prices came in hotter according to FHFA, but bonds never care about home price indices (apart from the housing meltdown, perhaps). Same story for new home sales which tanked due to Hurricane Milton. Consumer confidence and the 5yr auction were right in line with expectations, thus leaving only the Fed Minutes at 2pm. The Fed couldn't possibly have said anything interesting 3 weeks ago that we haven't already heard several of them say in the past 3 weeks. Therefore, it was never likely to inspire bond market movement. We're left with a modest correction to yesterday's rally and a day of mostly flat trading into the 3pm CME close. Wednesday could be a bit jumpier depending on the data and month-end trading uncertainty.





Watch the Video

MBS Morning

9:50 AM Bonds Letting Off Some of Yesterday's Steam

Alert

10:25 AM MBS down More Than an Eighth From Highs

Econ Data / Events

- ○ FHFA Home Prices
 - 0.7 vs 0.3 fcast, 0.4 prev
- Case Shiller Home Prices
 - -0.3 vs -0.3 prev
- Annual Case Shiller Prices
 - 4.6 vs 4.8 fcast, 5.2 prev
- Annual FHFA Home Prices
 - 4.4 vs 4.4 prev
- New Home Sales
 - 610k vs 730k fcast
- Consumer Confidence
 - 111.7 vs 111.3 fcast

Market Movement Recap

09:12 AM Bonds drift sideways to slightly weaker overnight. MBS down only 2 ticks (.06) and 10yr up 2.2 bps at 4.296

10:25 AM Off the AM highs with MBS now down 6 ticks (.19) and 10yr yields up 4.4bps at 4.319

01:03 PM Ho hum 5yr auction. Bonds little changed ad modestly weaker levels. MBS down 5 ticks (.16) and 10yr up 3.1bps at 4.307

02:05 PM No response to Fed minutes and no change to levels from the last update

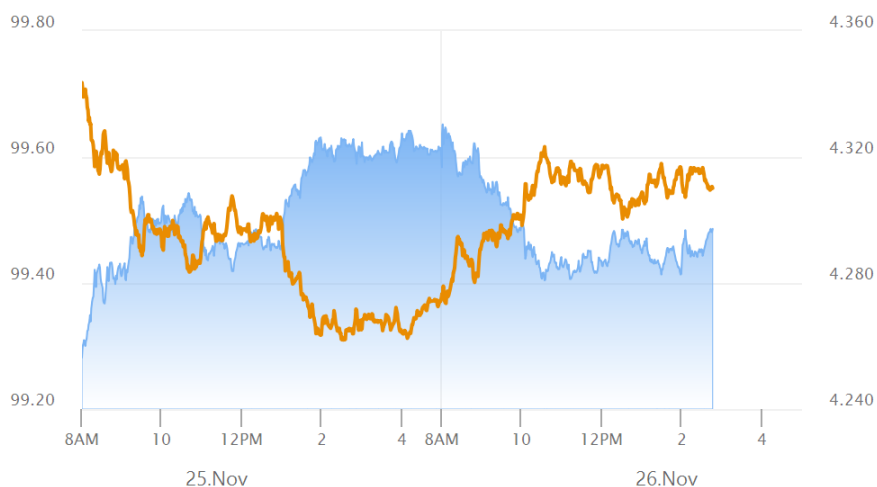
Lock / Float Considerations

- The rising rate trend that began in October finally ended last week. Bond's victory had been to merely move sideways instead of higher in yield. Bessent's Treasury appointment added emphasis to the reversal, giving the appearance that rates are headed back in the other direction. While such a move is possible, it is most likely to be seen in response to sufficiently weak economic data. In other words, the early rally this week is "nice," but it's only an indication of ongoing improvement if the data says so.

Technical/Trends in 10yr (why 10yr)

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

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	4.309%	+0.034%
2 YR	4.266%	+0.001%
30 YR	4.483%	+0.016%
5 YR	4.203%	+0.024%

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