Daily Coverage. Industry Leading Perspective.

MBS Recap: Solid Conclusion to a Solid Week. Has The Tide Turned?



Kimberly Cottingham CEO/Broker, COTTINGHAM MORTGAGE INC

www.cottinghamloans.com P: (707) 823-6646 kim@cottinghamloans.com

Sebastopol CA 95472 NMLS #335925 CA DRE #01884304

Solid Conclusion to a Solid Week. Has The Tide Turned?

MBS Recap Matthew Graham | 4:57 PM

After Thanksgiving week introduced a potential breakout from the recent uptrend in yields, this week kept hope alive. It also kept us in suspense until today due to the jobs report. Despite a decent facade (227k vs 200k f'cast), the closer one examined today's jobs data, the weaker it began to look. Markets agreed without much hesitation. It wasn't as if the data was downbeat enough for a massive rally, but we'd argue that today's modest rally is still a great victory on a week where yields were already pushing the lowest levels since October 21st. Next week will be important in determining the endurance of this rally with Treasury auctions and inflation data. The following week will set the tone for the end of the year with the Fed's dot plot and rate announcement.

			mmB:	SLIVE				• 🔝 0.04 M 10	
THE PROP	4 9	0.0	BEALTINE CHART MAN		D NEAL THE CH	enti pig			MES LINE OWNT
12.18			STREAMAND *	PROD 10105 Line mile 104.75 104.77 104.75 104.88	TO THE TWO	ww *			COTON OF MAN
	Pro	No Change	106.75 (0.00)	CHART OFTICAL + DOUGT CHART	. 1.8270 (CHART DETICAL TO BE	64POutree
Not 10 Year / Fee		June Coat 24 THE THE THE THE THE TYPE THE		10000	Anna Chan M THE THE THE NEW THE THE			They all doubt much inwer	
18 -	NO 14 LOC		Store Cont. The Day 198	100	14	Contraction and	and the low		
									And Party Party (P. 1 1 1 1
	10675-680					a .	18 feat for		Constant Danker Linger
ine 30 Taxe			1.1.1	10		10 A	And Address		and not the Reg play?
		1986	111 401	0	100		Open 124		And And Parks, All Links
	100.00.000			111 A 1 1 1 1 1 1 1 1	• I 2 M		Maph: 1.752		These shorts playing a rule to
			III 100.0				Own 1.2	ing in the second second	The Darbor Darbor 1 11 and
No. 21 Test							the second s		an Agures, Apple bead of ear
							100	()	Charlesheet Elevenesi + 17 -
	NOADE HER		T Y			_	Test of		
148	106,78 -0.00							14 I	Christianer Stevenst 117

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



Watch the Video

Update

8:36 AM Payrolls at 227k vs 200k Forecast, Minimal Movement So Far

MBS Morning

9:52 AM Why Are Bonds Rallying Despite a Seemingly Decent Jobs Report?

Alert

11:10 AM MBS Down an Eighth From AM Highs

Econ Data / Events

- Nonfarm Payrolls
 227k vs 200k f'cast, 36k prev
 - Unemployment Rates
 4.2 vs 4.2 f'cast, 4.1 prev

• Participation Rate

- 62.5 vs 62.7 f'cast, 62.6 prev
- Consumer Sentiment
 - 74 vs 73 f'cast
- 1yr inflation expectations
 - 2.9 vs 2.6 prev

Market Movement Recap

- 08:54 AM Fairly flat overnight and modestly stronger after jobs report. MBS up just over an eighth and 10yr down 1.8bps at 4.153
- 10:03 AM MBS now up a quarter point and 10yr down 3bps at 4.14
- 11:10 AM off the highs. MBS now up only an eighth on the day and 10yr up .4bps at 4.175

04:40 PM Heading out near the day's best levels. MBS up a quarter point and 10yr down 2.3bps at 4.148

Lock / Float Considerations

Rates are at the lowest levels in a month and a half after the jobs report. That's a compelling lock opportunity for the risk averse crowd. While there's no guarantee that recently friendly momentum will continue, the risk-tolerant crowd tends to approach these scenarios from a "trailing stop" mindset (i.e. waiting for bond market weakness to force their hands). As always, the specific amount of weakness would be a subjective decision for the client/scenario in question.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - **4.43**
 - **4.35**
 - **4.30**
 - **4.20**
- Floor/Resistance
 - **3.99**
 - **4.12**



MBS & Treasury Markets

30YR UMBS 5.5 30YR UMBS 6.0

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

30YR GNMA 5.5 15YR UMBS-15 5.0	+ +								
US Treasuries									
10 YR	4.151%	-0.020%							
2 YR	4.103%	-0.039%							
30 YR	4.336%	-0.004%							

Open Dashboard

4.034%

-0.043%

Share This

5 YR