## MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## **MBS Recap: Inconsequential Weakness**



# Northeast Financial LLC

www.northeast-mortgage.com P: (844) 788-7237

48 Meriden Rd, Suite 1 Middlefield CT 06455 NMLS# 117273



### Inconsequential Weakness

MBS Recap Matthew Graham | 5:02 PM

Bonds lost a moderate amount of ground on Monday with 10yr yields moving back above the levels seen before last Friday's jobs report. MBS didn't lose quite as much ground thanks to their higher correlation with shorter-dated Treasuries these days. There were no significant economic reports and it was the lowest volume day of the year so far--a stunning reality considering that honor would usually go to the Friday after Thanksgiving. In addition to the low volume qualifier, today's weakness is inconsequential simply because it keeps bonds right in line with the flat-line in yields seen over the past 6 trading days. If anything, Friday was the outlier there and today is just another day with 10yr yields near 4.20. It's also just another day where bonds are grinding sideways as they wait for bigger inspiration.

	t geotogen a						
MMBSLIVE		<b>M</b> • 10.4 •	100.5 * 100.5 * MITHOS * 100.000 MITHOS				
THE PROP	#G	0.0	REAL THE CHURT (MAR)	O D REAL THE CHART HO			MES LIVE OWN
10.18			STATISTICS			with .	COLUMN STAR
	Pro	No. Change	106.75 (0.00)	MARTOWET 1,8270 (-0.0010)		CALLER CONTRACTOR SEC.	Gen Outrow
Har 10 Year / Fee			June Carl 24 That that the that they first	Annual and an and an and an	Josephere IN THE THE THE NEW YOR THE THE		The back and the
18	100 10 100		Local Cont. The Day has been been to a local	10.14	a part see that the		They still closed much lower 1
55	10108-0100						And Parks, dr. ( 1.1 ) and
40	10675-680				10 Fear Treas		Constant Danks a low
the 10 Year			1.17	114.14	A des tanatas		and non-the key pay?
		1994			Open 1,7830 Mark 1,7971		Ante Parts, Autority
	100.00.000				Lew 1,7858	141	21. Take stocks playing a rule for
					Ones 1 794		The barrier of the second seco
No. 21 Test						-	
						(1)	Christopher Einesen: + 17 -
			T WUT		Contraction of the second		Contractor Serverse + 17 -
							The line has been being 1.67 for
			the second second second states and the	- 14.0			Wathew Grahami + 14 per
iles -			Film Pilm		1 1 14 14		<ul> <li>Item for mentioned that a to four yields.</li> </ul>
	100,2108 218 80003					27.het	Balles Gales
			LIVE NEWS STREAM				107 til is the only bugge that
			STATE AND ADDRESS AND	Area Gheet DERMONICE		0.0	Gillert Denigerth 1 17 pr
			MILLION COLUMN	Def & landed and some	ve a reprise t		an here appel were to b
			With Recipt David Warkets Consolition Allow Ma		The contractly	authors:	The site part has to meet the
	110 MEPS LABORED	24048					the second

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



Watch the Video

#### **MBS Morning**

10:38 AM Reinforcing The Range

Aler	t	
3:29 PM	MBS	Down an Eighth From AM Levels

Econ Data / Events

- • Wholesale Inventories
  - 0.2 vs 0.2 f'cast, -0.2 prev

#### Market Movement Recap

- 10:04 AM Initially stronger overnight, then weaker in Europe and in early domestic session. MBS down almost an eighth. 10yr up 3.6 bps at 4.191
- 01:51 PM Unchanged from previous levels in MBS. 10yr now up only 3.3bps at 4.187
- 04:19 PM Weakest levels now with MBS down 6 ticks on the day and 10yr up 4.2bps at 4.196

#### 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
  - o **3.99**
  - **4.12**

#### **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	4.195%	+0.041%
2 YR	4.135%	+0.031%
30 YR	4.388%	+0.050%
5 YR	4.076%	+0.041%



Share This