## MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## **MBS Recap: Inconsequential Weakness**



First World Mortgage First World Mortgage

www.firstworldmortgage.com 127 Prospect Avenue

West Hartford CT 06106



### **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.

				Section 2.	
			MMBSLIVE	🕅 * 100.0 * 100.5 * MITHOS * 🔛 GLOWE W	
100,000	016	0.0	HEAL THE CHART MAN	0 0 REAL TIME CHART (KD)	MES LIVE OWN
1.18			STATISTICS AND THE PARTY AND AND	to hear theoremy - Anto once une man	(1222) (1244
		No Comp.	106.75 (0.00) 00.75 00.05 00.05	. 1.8270 (-0.0010) Lane Lane Lane Lane Lane Lane Lane Lane	GRA DUCTOR
Not 10 Year's come			June Care 24 THE THE THE WAY THE THE THE	Anna Charl Mr. THE THE THE NEW YOR THE THE	They all placed much lower
		100			Andy Parls, And 1 1
					P And an
				18 for Incorp	Contra Danke Linger
wine 30 Tes			1.1.1	III AND A AN	and she has play?
		1041		in the second second	And Bally Parks, ALL & Mark
	100.00-00.00			A LAND WALLAND AND	These stocks program a role to
				Const Table .	The face Decade in the set
The State of the State					Carlanger Ervern: 11
					The same close to 182
				MANY MANY	Company Services (117)
					The loss had been at \$2.5
			The description is not the second second		Battlere Grahami o H pro
attes -			R.M. Film		Then he mentioned that a
	100,2108 2-8 80803		No. of Concession, Name	2.	Baller Colen
			LIVE NOWS STREAM		112 hi a Be arts begge Br
			Allowed And and particular a low of the second seco	hast DEER REPORTED PROCES 00	The General Demands 1 10 per
				Del a tendergan revea a rephila?	an here apper much be
			With Recard Family Markets Consultants All and All Cont	Cold a function of the second	The site bareful time of the set the
			Annual Ten state at 1784	The second second	In measured by value Center
			The COT's Density Days Tens. Will Campe Takes Processing I	Typest Conney	exceed 10% of the total mar-
or print provide a performing with Thomas Review,			CHARLEN COMPANY	Talay 8 7 Year 0	West Designer, 111 or

© 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

# Alert 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")

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

· 4.43

\_

- · 4.35
- 4.30
- 4.30 • 4.20
- Floor/Resistance
  - ° 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%			

**Open Dashboard** 

Share This