MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Why So Much Selling in Bonds?



Paul Gowen Broker/Owner, Willamette Falls Financial www.willamettefallsfinancial.com

P: (503) 922-1499 M: (503) 381-0736

4800 Meadows Rd Lake Oswego OR 97035 272830



Why So Much Selling in Bonds?

MBS Recap Matthew Graham | 4:55 PM

Without a doubt, it's been a frustrating and puzzling week for the bond market. Everyone knows that bonds have moved consistently higher in yield, but there is very little understanding and agreement about WHY that move has taken place. Europe had a rough week, but EU bonds didn't lose as much ground as US bonds, so we can't really stop there. We also know that econ data wasn't to blame (or if it was, traders bought bonds at first and then changed their minds later in the day--not typical behavior, to say the least). Beyond those considerations, we're left with guesses and possibilities that are much harder to substantiate and much more esoteric. These include things like year-end positioning constraints, a move to the sidelines before the Fed announcement, and curve trading driven by one of several factors.

			MMBS	SLIVE	10.0 × 10.0 ×	104.5 • SCHINGS • 📗 GLOW	
THE PROP	6	0.0	HEAL THE CHART MANE	9.0	HEAL THE OWNER (D)		MES LIVE OWN
12.18			STREEMAKE *	TORIN SPEEL LOW MER	10 Year Dealogy *	Page Office Line with	Ditter office
	Pere	And the second	106.75 (0.00)	CHARLOTTONS+ MARCHANT+	1.8270 (-0.0010)	LADIE LADIE CHIEF LADIE	GRIP Out They
Not 10 Year I Fait		Just Carl 24 THE THE SHE WE THE THE		Description (1) THE THE THE THE THE THE THE		The feat Darrow, a second	
18 -		100			Zanave Chart 200 (See 1986	Come American Come	They still closed much lower 1
							And Parks, dr. a
4.0						18 Fear Descery	Contra Danke Lines
the (i) they -			100	1013		100/0512 30PM	Ar
		1984	1140			Mark 12411	AND AND DESCRIPTION
	10144-0.00			III A COMPANY OF A		100 17000 A	21. Fast stocks playing a nim ber
•			THE BOOLS			Over 1784	The tay Darries of the second
No. 21 Test							
							Christopher Errosen: + 17 -
				and the second second		40.1	The Ownershapper Streement of Con-
						100	The first the host below 1.82 for
			Search Street America	And a local data and a local data		Contract of the local division of the local	Batthew Grahami a 14 per
iles:				Piles .	and the second second	1 1 10 10 100 1	item for mentioned had a to
	00.2109 218 8000	84723 (0.005)	LIVE NEWS STREAM			#.m	10 to a be arb toge bet

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



Watch the Video

Alert

10:01 AM MBS Already Down More Than an Eighth of a Point

MBS Morning

11:42 AM Another Red Day. Is There Any Reason For Hope?

Alert

12:18 PM MBS Down Another Eighth From Previous Alert

Econ Data / Events

- • Import Prices
 - 0.1 vs -0.2 f'cast, 0.1 prev
 - Export Prices
 - 0.0 vs -0.2 f'cast, 1.0 prev

Market Movement Recap

- 09:07 AM Initially slightly stronger overnight, then weaker with Europe. MBS down 2 ticks (.06) and 10yr up 1.5bps at 4.346
- 10:01 AM Additional weakness. MBS down 7 ticks (.22) and 10yr up 3.2bps at 4.362
- 12:18 PM More of the same. 10yr yields are up 5.8bps at 4.388. MBS down 10 ticks (.31).
- 03:10 PM Leveling off near weakest levels with MBS down 11 ticks (.34) and 10yr up 7bps at 4.40

Lock / Float Considerations

⁵ Selling pressure hasn't been extreme, but it has been relentless. It's also occurred despite an absence of

compelling economic data (i.e. bonds haven't been selling off due to strong data). All of the above make a case for a lock-biased stance until something changes (reassessing after next week's Fed announcement).

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



30YR UMBS 6.0 30YR GNMA 5.5 15YR UMBS-15 5.0

US Treasuries						
10 YR	4.398%	+0.068%				
2 YR	4.247%	+0.055%				
30 YR	4.602%	+0.056%				
5 YR	4.250%	+0.073%				

Open Dashboard

Share This