MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Bonds Hold Ground Despite Unfriendly Econ Data



John Small Mortgage Loan Officer, DMV Home Funding L.L.C.

www.dmvhomefunding.com/jsmall jsmall@dmvhomefunding.com

14151-A Robert Paris Court Chantilly VA 20151 DMVHF NMLS#1874961 MLO NMLS#1712144



Bonds Hold Ground Despite Unfriendly Econ Data

MBS Recap Matthew Graham | 4:22 PM

If there was a prime directive for the bond market last week, it was to sell off regardless of any counterargument from the economic data. The new week got off to a distinctly different start with stronger economic data only causing a temporary inconvenience for bonds. Both MBS and Treasuries were pushed back in line with Friday's weakest level, but both found support in the PM hours before going on to make it back to unchanged territory, or close to it. Volume was low and the volatility was small in the bigger picture, but at the very least, it was nice to see a different reaction than last week's default weakness.

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Alert

9:52 AM Losing Ground After S&P PMI

MBS Morning

12:26 PM More Stable Start, For Now

Econ Data / Events

- • NY Fed Manufacturing

- .20 vs 12 f'cast, 31.2 prev
- S&P Services PMI
 - 58.5 vs 55.7 f'cast, 56.1 prev

Market Movement Recap

09:46 AM Modestly stronger overnight, but giving up gains in domestic trading. MBS up 2 ticks and 10yr down less than 1 bp at 4.385

12:15 PM Trying to bounce after hitting weakest levels. MBS down 1 tick (.03) and 10yr up 0.7bps at 4.399

03:28 PM Off the weakest level. MBS unchanged and 10yr 0.2bps higher at 4.394

Lock / Float Considerations

The new week is off to a bit of a different start when compared to last week's moderate but pervasive weakness. Unfortunately, one day isn't enough to confirm that last week's trend has done anything but simply run out of steam. A full-fledged reversal would require a positive reaction to this week's data and Fed announcement (and dot plot).

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



US Treasuries

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10 YR	4.398%	+0.006%
2 YR	4.250%	+0.012%
30 YR	4.605%	+0.006%
5 YR	4.254%	+0.006%

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