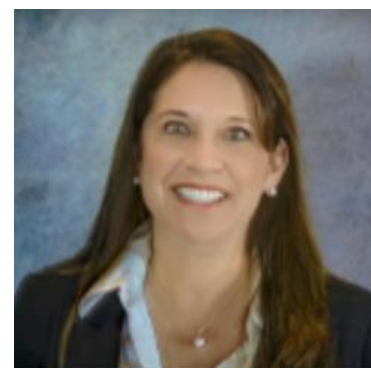


# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.



## MBS Recap: Friendly Reversal Thanks to 7yr Treasury Auction



**Belinda Biedebach**

Senior Loan Originator,  
Secured Lending Group

[securedlendinggroup.com](http://securedlendinggroup.com)

P: (858) 583-9800

380 S Melrose  
Vista CA 92081

NMLS#1556597



## Friendly Reversal Thanks to 7yr Treasury Auction

MBS Recap | Matthew Graham | 4:31 PM

The day began as so many days over the past few months with bonds moving higher in yield for reasons that transcend the typical economic data or news headlines. The Christmas holiday week is particularly random in terms of directionality due to low volume and **liquidity**. That ended up being beneficial today with a strong 7yr Treasury auction resulting in a favorable imbalance between buyers and sellers. Light **liquidity**/volume magnifies the impacts of such imbalances. The result was one of the biggest reactions to a 7yr Treasury auction in several years. That's not a high bar, but was nonetheless worth 4bps in 10yr yields and a move from weaker to stronger territory on the day.





Watch the Video

## MBS Morning

9:15 AM Have You Heard The One About "Path of Least Resistance?"

## Econ Data / Events

- ○ jobless claims
  - 219k vs 224k f'cast, 220k prev
- Continued Claims
  - 1910k vs 1880k f'cast, 1864k prev

## Market Movement Recap

- 08:35 AM Moderately weaker overnight and little changed after data. MBS down 6 ticks (.19) and 10yr up 4.9bps at 4.634
- 11:54 AM recovering somewhat. MBS down 1 tick and 10yr up 2.6bps at 4.611
- 01:05 PM MBS now 1 tick higher after strong 7yr auction. 10yr yield up only half a bp at 4.59
- 03:14 PM Holding near best levels with MBS up an eighth and 10yr down nearly 1bp at 4.578

## Lock / Float Considerations

- All bets are off until further notice following the Fed day out. That said, it has been and continues to be the case that any meaningful improvement in rates will require downbeat economic data and softer inflation. At this point in the year, we're waiting until early January for the next major shoes to drop (NFP and CPI, specifically).

## Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.74
  - 4.67
  
- Floor/Resistance
  - 4.30
  - 4.35
  - 4.43
  - 4.50
  - 4.57

## 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	4.582%	-0.003%
2 YR	4.329%	-0.011%
30 YR	4.771%	+0.011%
5 YR	4.433%	-0.012%

[Open Dashboard](#)

[Share This](#)