

MBS & TREASURY MARKETS

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MBS Recap: Uneventful Start to 2025



Paul E Smith

Owner, Main Street
Mortgage Company

www.texasmainstreet.com

P: (713) 528-1245

M: (713) 480-7385

3100 Richmond Ave
Houston TX 77098

MSMC NMLS 296814

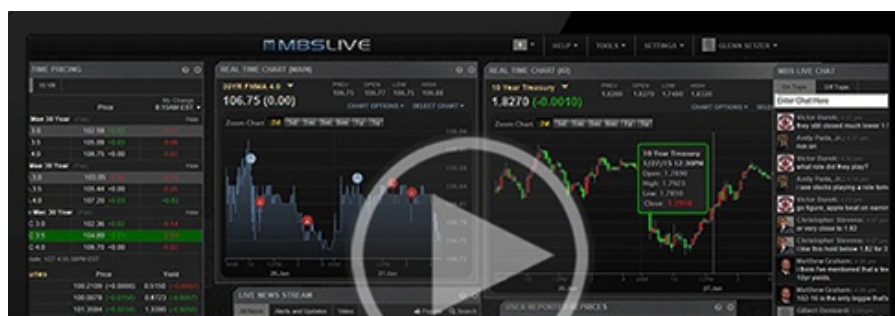
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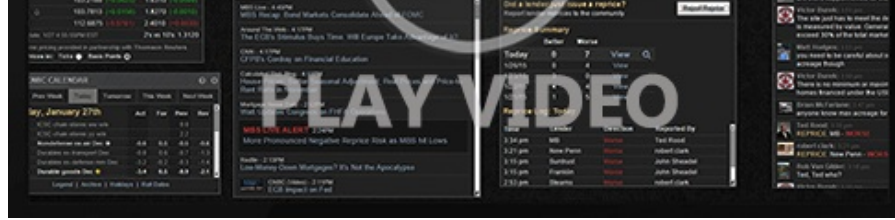


Uneventful Start to 2025

MBS Recap | Matthew Graham | 4:37 PM

Bonds began the day in moderately stronger territory before losing ground after the Jobless Claims data. AM selling stalled out shortly after bonds hit negative territory and settled sideways to slightly stronger in the afternoon. While that constitutes a reasonably amount of volatility (as did the previous session on Tuesday), the magnitude of the movements has been fairly mild. All in all, it's an uneventful start to the new year and a typically boring winter holiday trading environment. If there's one thing to focus on, it's that trading levels are still right in line with the day after Fed day. If there are two things, the second would be that yields are a bit lower than they were at the end of last week.





Watch the Video

MBS Morning

10:11 AM Stronger Start Despite Some Selling After Data

Alert

11:21 AM MBS Down More Than an Eighth From Most Recent High

Econ Data / Events

- ○ Jobless Claims
 - 211k vs 222k f'cast, 219k prev
- S&P Manufacturing PMI
 - 49.4 vs 48.3 f'cast, 49.7 prev

Market Movement Recap

- 09:30 AM Stronger overnight, erasing Tuesday weakness, but backtracking a bit now. MBS up an eighth and 10yr down 2.5bps at 4.547
- 11:22 AM Weakest levels now. MBS still up 2 ticks (.06) and 10yr still down 0.3bps at 4.569
- 04:13 PM MBS right in line with previous levels, up 2 ticks (.06) and 10yr down 1.3bps at 4.559

Lock / Float Considerations

- Rates continue muddling along at or near longer-term highs following the December 18th Fed announcement. There haven't been any glorious recoveries since then. If we hope to see one, it would depend on big ticket econ data like the jobs report or CPI (Jan 10th and 15th respectively). Random volatility remains a risk in the New Year holiday week. If we see calendar-driven support, it wouldn't be until Thursday and even then (and to reiterate), bigger victories require bigger data.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.74
 - o 4.67

- Floor/Resistance
 - o 4.30
 - o 4.35
 - o 4.43
 - o 4.50
 - o 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	4.562%	-0.010%
2 YR	4.246%	+0.003%
30 YR	4.782%	-0.001%
5 YR	4.373%	-0.009%

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