

MBS & TREASURY MARKETS

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MBS Recap: Orderly Move to Highest Yields in 8 Months



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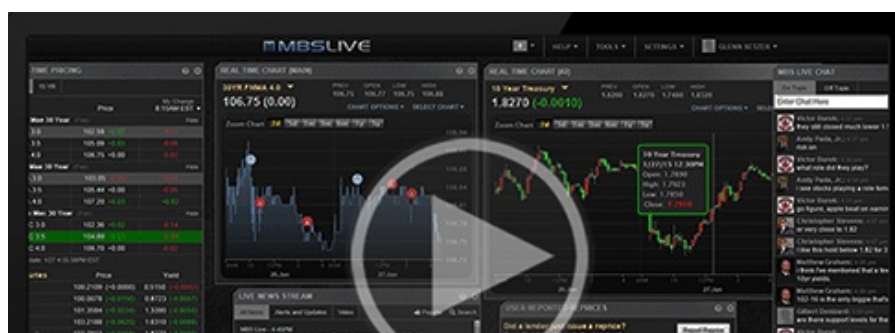
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Orderly Move to Highest Yields in 8 Months

MBS Recap | Matthew Graham | 4:20 PM

Bonds reacted logically to this morning's econ data at 10am. ISM Services' inflation component was one of the worst offenders, but higher job openings didn't help. The spike in yields was instantaneous but fairly well contained. Bonds managed to drift sideways for the entire session after that with no discernible reaction to the 10yr Treasury auction (not a surprise considering it was very close to expected levels). All told, yields inched up to the highest since April 2024, but in a very orderly way.





Watch the Video

Alert

10:03 AM Hotter Data. Bonds Selling

MBS Morning

11:54 AM Bonds on The Run After Data

Econ Data / Events

- ○ Job Openings
 - 8.098m vs 7.7m f'cast, 7.839m f'cast
- ISM Services
 - 54.1 vs 53.3 f'cast, 52.1 prev
- ISM Services Prices
 - 64.4 vs 57.5 f'cast, 58.2 prev

Market Movement Recap

- 10:17 AM Just slightly weaker overnight with additional selling after ISM data. MBS down 6 ticks (.19) and 10yr up 4.6bps at 4.678
- 01:04 PM No major reaction to ho-hum Treasury auction. 10yr up 4.3bps at 4.676 and MBS down just over an eighth.
- 04:11 PM Sideways since 10am, essentially, with MBS down 6 ticks (.19) and 10yr up 5.9bps at 4.691

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).

Technical/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 | 4.690% | +0.058% |
| 2 YR | 4.295% | +0.020% |
| 30 YR | 4.919% | +0.073% |
| 5 YR | 4.469% | +0.034% |

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