

# MBS & TREASURY MARKETS

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## MBS Recap: Bonds Calmed Down After Early Weakness



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## Bonds Calmed Down After Early Weakness

MBS Recap | Matthew Graham | 4:38 PM

This week's relevant economic data is concentrated over the Tue-Thu time frame with Wednesday's CPI being the most obvious headliner. Today's session offered little by way of new information but nonetheless provided some insight as to how the market would approach this week's data. In a nutshell, bonds remain defensive. The burden of proof remains on weaker economic data or lower inflation if we're hoping to make a case for lower rates. "Dip buyers" are not looking eager to step in front of the train of generally weaker momentum. All that having been said, things certainly could have been worse today and it was some small solace that bonds leveled off after early weakness and ended up almost sideways on the day.





Watch the Video

## MBS Morning

10:36 AM Quiet Monday For Data. Bonds Staying on Defense Ahead of Inflation Reports

### Alert

11:21 AM MBS Down an Eighth of a Point

## Econ Data / Events

- ○ Nonfarm Payrolls
  - 256k vs 160k f'cast, 227k prev
- Unemployment Rate
  - 4.1 vs 4.2 f'cast, 4.2 prev

## Market Movement Recap

- 09:23 AM Slightly weaker overnight but back near unchanged now. MBS unchanged. 10yr up 0.3bps at 4.767
- 11:21 AM Lows of the day, down an eighth in MBS. 10yr yields up 4bps at 4.805
- 02:08 PM Bouncing back to nearly unchanged territory. MBS down 1 tick (.03) and 10yr up 1.4bps at 4.779
- 04:05 PM Sideways since the last update. MBS down 2 ticks and 10yr up 2.4bps at 4.789

## Lock / Float Considerations

- Strong jobs report reinvigorates the upward trend in rates. The upcoming CPI data can take the pain to the next level or help create some support. In general, this is a lock-biased environment until such time as the data takes a cohesive and decisive turn in a rate-friendly direction. That's not to say there won't be pockets of short-term opportunities, but capitalizing on them would involve luck rather than strategy.

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

- Ceiling/Support (can be used as "lock triggers")
  - 4.88
  - 4.80
  - 4.74
  - 4.67
  
- Floor/Resistance
  - 4.43
  - 4.50
  - 4.57

## MBS & Treasury Markets



### MBS

30YR UMBS 6.0  
 30YR UMBS 6.5  
 30YR GNMA 6.0  
 15YR UMBS-15 5.0

+

### US Treasuries

10 YR	4.789%	+0.024%
2 YR	4.395%	+0.016%
30 YR	4.968%	+0.025%
5 YR	4.610%	+0.031%

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