

# MBS & TREASURY MARKETS

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## MBS Recap: Slightly Weaker Drift, But Broadly Uneventful



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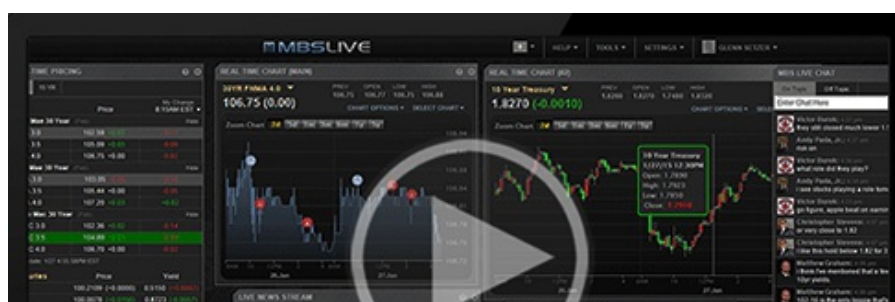
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## Slightly Weaker Drift, But Broadly Uneventful

MBS Recap | Matthew Graham | 4:55 PM

Friday may as well have been a 4th weekend day for the bond market. Volume and liquidity were obviously in holiday mode. Trading levels were basically flat, although it might not feel that way if you're seeing MBS prices end the day down more than an eighth of a point. It's unclear whether we're seeing actual weakness at the end of the day or an incidental expression of extremely thin liquidity. Even if it's "real," it's still not bad considering where we were on Tuesday afternoon.





Watch the Video

## MBS Morning

10:38 AM Pre-3 Day Weekend Volatility is a Thing

Alert

11:08 AM Down Almost a Quarter Point From AM Highs

Alert

4:04 PM MBS Down to New Lows in Late Trading

## Econ Data / Events

- ○ Building Permits
  - 1.483m vs 1.460m f'cast
- Housing Starts
  - 1.499m vs 1.320m f'cast

## Market Movement Recap

- 09:37 AM stronger overnight but giving up those gains in the past hour. MBS now unchanged and 10yr down half a bp at 4.609
- 01:57 PM Sideways at the lows. MBS down 1 tick (.03) and 10yr down half a bp at 4.608
- 04:05 PM Weakest levels of the day. MBS down an eighth of a point and 10yr up 0.4bps at 4.617

## Lock / Float Considerations

- As of Thursday, bonds have enjoyed a solid 2-day improvement. Most--if not all--of that was driven by tangible data and events, but there is some question as to whether momentum and position squaring made for bigger gains than we otherwise might have seen. Risk-averse clients would defend against

that risk in the same old way. Risk tolerant clients now have some more room to set lock triggers at recent overhead rates.

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

- Ceiling/Support (can be used as "lock triggers")
  - o 4.88
  - o 4.80
  - o 4.74
  - o 4.67
  
- Floor/Resistance
  - 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	4.623%	+0.010%
2 YR	4.283%	+0.057%
30 YR	4.855%	-0.004%
5 YR	4.429%	+0.031%

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