

MBS & TREASURY MARKETS

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MBS Recap: Absence of Data Leaves Focus on Techs and the Waiting Game



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Beyond Financing, Inc.

Absence of Data Leaves Focus on Technicals and the Waiting Game

MBS Recap | Matthew Graham | 4:04 PM

The extreme dearth of big ticket economic data was no mystery heading into the current week. Traders shouldn't have been surprised and they are doing a great job of showing it. Bonds traded ruthlessly flat yesterday and only slightly less so today. In the bigger picture, yields look to have bounced at 4.57 but also to be holding mostly sideways as they await inspiration for the next big move. For those who must connect movement to events, we can't disprove that traders erred on the side of selling ahead of today's 20yr bond auction, and were then more willing to buy after the reasonably decent auction results.





Watch the Video

Alert

10:58 AM Down More Than an Eighth From Highs

MBS Morning

12:23 PM Resistance Kicking In

Market Movement Recap

- 11:03 AM sideways to slightly stronger overnight, but losing ground since 9am ET. MBS down 2 ticks (.06) and 10yr up 2.4 bps at 4.602
- 01:23 PM 20yr auction was relatively strong, but isn't helping much. MBS down 3 ticks (.09) and 10yr up 2.5bps at 4.603
- 03:10 PM Recovering a bit in the hours after the auction. MBS down 2 ticks (.06) and 10yr up 1.3bps at 4.591

Lock / Float Considerations

- Bonds made it through Inauguration Day and the holiday weekend with moderate gains and without any major drama from the first round of executive orders. This rally is more about relief than a sustained bullish impulse. Wait and see from here... Risk reward is now more neutral than it had been heading into last week, but bigger victories still require data (and it's a very light week for data).

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

- 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 | 4.604% | +0.026% |
| 2 YR | 4.295% | +0.009% |
| 30 YR | 4.821% | +0.010% |
| 5 YR | 4.430% | +0.036% |

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