

MBS & TREASURY MARKETS

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MBS Recap: Bonds Feeling Defensive Despite Trump's Demands For Lower Rates



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Bonds Feeling Defensive Despite Trump's Demands For Lower Rates

MBS Recap Matthew Graham | 4:40 PM

Bonds lost ground this morning despite slightly higher Jobless Claims. There are no obvious cases for causality apart from markets generally bracing for the impact of impending fiscal changes. Some feel that tariffs will increase inflation. Others feel that separate policies will increase growth (or decrease revenue). None of the above is good for rates. Notably, Trump said he would "demand" lower interest rates in his Davos speech today and 2yr Treasury yields actually dropped enough to notice, but not by enough to suggest the market is reading much into it.





Watch the Video

Update

9:02 AM Bonds Barely Budge After Jobless Claims Data

MBS Morning

10:45 AM No Help From Slightly Higher Jobless Claims

Econ Data / Events

- ○ Jobless Claims
 - 223k vs 220k f'cast, 217k prev
- Continued Claims
 - 1899k vs 1860k f'cast, 1853k prev

Market Movement Recap

- 08:31 AM Slightly weaker overnight and no major change after data. MBS down an eighth and 10yr up 2.3bps at 4.634
- 01:52 PM Additional weakness into 11am hour but sideways since then. MBS down 5 ticks (.16) and 10yr up 3.7bps at 4.469
- 04:08 PM Still sideways after AM weakness. MBS down 6 ticks (.19) and 10yr up 3.3bps at 4.645

Lock / Float Considerations

- As feared (or perhaps just a coincidence?) bonds weren't interested in extending last week's rally

As feared (or perhaps just a coincidence,) bonds weren't interested in extending last week's rally without any compelling motivation from economic data. This has been and will continue to be a limiting factor for any hope of a meaningful rate rally. There are no scheduled market movers on the horizon until the Jan 29th Fed Announcement (and more importantly, press conference).

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	4.644%	+0.033%
2 YR	4.287%	-0.005%
30 YR	4.871%	+0.046%
5 YR	4.450%	+0.007%

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