

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Paradoxical Rally Gets Logical After Retail Sales



### Bill Hills | Jumbo Specialist

Senior Originator,  
Interconnect Mortgage, Inc.

[FloridaLuxuryLending.com](http://FloridaLuxuryLending.com)

M: (847) 830-2312

[billhills@interconnectmortgage.com](mailto:billhills@interconnectmortgage.com)

5220 Hood Rd  
Palm Beach Gardens Florida  
33418

NMLS# 843018

Equal Housing Opportunity



## Paradoxical Rally Gets Logical After Retail Sales

MBS Recap | Matthew Graham | 5:11 PM

If yesterday's PPI-driven rally was a paradox, today's continuation was quite the opposite. While it's not the most reliable market mover among economic reports, Retail Sales can occasionally go big. Today was such an example. Including or excluding the auto sector, sales dropped at the fastest pace in just over year and missed forecasts by the widest margin in several years. That provided a clear mandate for bond traders to press the happy button, ultimately ushering yields to the lowest levels of the week.





Watch the Video

## Update

8:33 AM Bonds Rallying After Weak Retail Sales Data

## MBS Morning

11:53 AM Best Levels of The Week After Downbeat Data

## Econ Data / Events

- ○ Retail Sales
  - -0.4 vs 0.3 f'cast, 0.4 prev
- Retail Sales excluding autos
  - -0.4 vs 0.3 f'cast, 0.7 prev
- Import Prices
  - 0.3 vs 0.4 f'cast, 0.2 prev
- Industrial Production
  - 0.5 vs 0.3 f'cast, 1.0 prev

## Market Movement Recap

- 09:15 AM Roughly unchanged overnight and sharply stronger after retail sales data. MBS up 10 ticks (.31) and 10yr down 6.7bps at 4.465
- 01:40 PM Still mostly holding morning rally. MBS still up .31. 10yr down 5.9bps at 4.472
- 05:10 PM Sideways into the close with MBS only 1 tick (.03) lower than last time. 10yr yields ended down 5.6bps at 4.476

## Lock / Float Considerations

- The combination of economic reports on Thursday and Friday completely erased Wednesday's CPI-driven concerns. To some extent, we could be seeing some short covering driving gains heading into a 3 day weekend (a minor lock-biased thought for those on a fence), but there's no denying the underlying economic argument after Retail Sales. Risk/reward was already essentially back to neutral on Thursday. Friday only added emphasis.

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

- Ceiling/Support (can be used as "lock triggers")
  - o 4.79
  - o 4.74
  - o 4.67
- Floor/Resistance
  - o 4.34
  - 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 | 4.476% | -0.056% |
| 2 YR  | 4.261% | -0.052% |

30 YR

4.697%

-0.068%

5 YR

4.328%

-0.065%

---

[Open Dashboard](#)

[Share This](#)