

# MBS & TREASURY MARKETS

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## MBS Recap: Bonds Give Up Friday's Gains



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## Bonds Give Up Friday's Gains

MBS Recap | Matthew Graham | 4:52 PM

Bond market volume was a little better than half of its recent average today--something that's not shocking to see on the return from a 3 day weekend without any big ticket economic data. Overseas markets contributed to a weaker bias out of the gate, and while that stabilized in early U.S. trading, selling was slow, steady, and linear from 11am through the close. With that, yields find themselves back in the range that has contained a majority of the trading of the past 3 weeks (4.50 to 4.57).





Watch the Video

## MBS Morning

11:32 AM Limited Volatility After Losing Some Ground Over The Weekend

Alert

3:02 PM MBS at New Lows

## Econ Data / Events

- ○ NY Fed Manufacturing
  - 5.7 vs -1.0 f'cast, -12.6 prev
- NAHB Housing Market Index
  - 42 vs 47 f'cast, 47 prev

## Market Movement Recap

- 09:11 AM Moderately weaker overnight with MBS down 6 ticks (.19) and 10yr up 4.4bps at 4.52
- 01:08 PM 10yr up 6 bps at 4.536. MBS down 6 ticks (.16)
- 03:02 PM 10yr yields are up 6.7 bps at 4.543 and MBS down roughly 1/8th from highs (quarter point on the day).

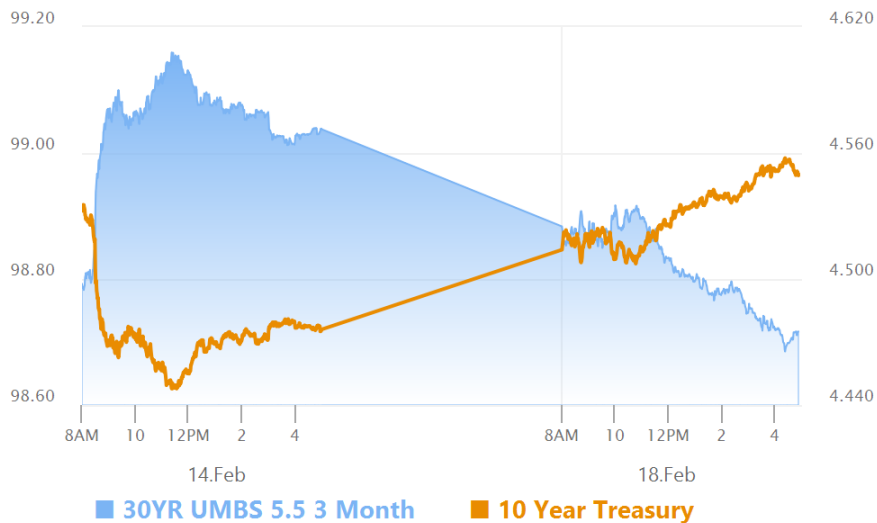
## Lock / Float Considerations

- We entertained the possibility that last week's strong close could have been driven, in part, by short covering heading into a 3 day weekend. That's all the more possible in light of the seemingly serendipitous losses at the start of the new week. Bonds are back in the stance of waiting for big ticket economic data which is in relatively short supply this week. Risk reward remains fairly neutral amid the lack of data

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

- Ceiling/Support (can be used as "lock triggers")
  - 4.79
  - 4.74
  - 4.67
  
- Floor/Resistance
  - 4.34
  - 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 | 4.550% | +0.075% |
| 2 YR  | 4.306% | +0.045% |
| 30 YR | 4.765% | +0.068% |
| 5 YR  | 4.401% | +0.073% |

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