

MBS & TREASURY MARKETS

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MBS Recap: Very Low Volatility After Early Morning Rally



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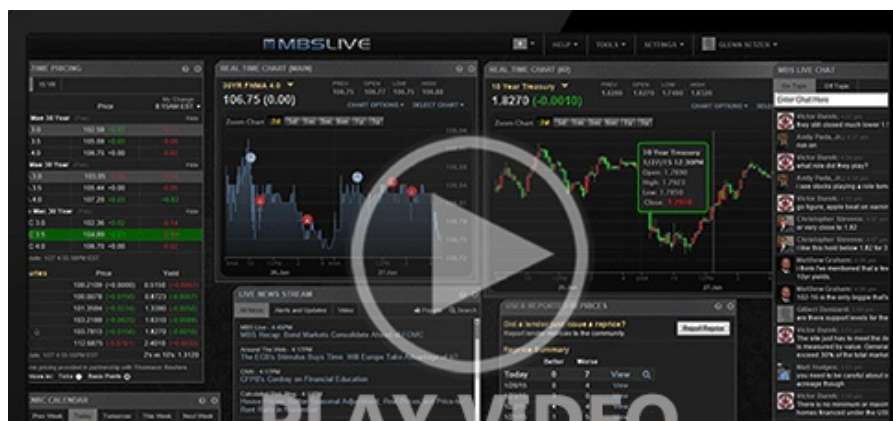
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Very Low Volatility After Early Morning Rally

MBS Recap | Matthew Graham | 4:49 PM

Bonds were sideways to slightly weaker in the overnight session, but bounced back at 7am ET. The two most notable developments at the time were weak earnings from Wal-Mart and a comment from Bessent on the mix of Treasury issuance. While the former may be an easier thing to understand and write about, the latter served as the source of the bond rally. Bessent essentially said he wasn't in a hurry to add more longer-term debt relative to short-term debt, and that's good for things like mortgage rates, all other things being equal. It's also evident in the obvious yield curve disparity with 2yr yields higher on the day and 10yr yields lower.



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	4.506%	-0.027%
2 YR	4.270%	+0.004%
30 YR	4.748%	-0.025%
5 YR	4.345%	-0.024%

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