

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.



## MBS Recap: Impressively Calm Rally Continues Amid General Growth Concerns



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## Impressively Calm Rally Continues Amid General Growth Concerns

MBS Recap | Matthew Graham | 4:32 PM

In the absence of the typical motivations required for the present pace of bond market gains, we're left to ponder vague generalities such as the famous "global growth concerns" that were such a fixture in 2015 and 2019. Some traders are citing such things as a reason to fade stocks and buy bonds at the moment, but those motivations will only last as long as the data allows. In other words, we're seeing a bit of a lead-off ahead of the next round of big-ticket data, but if that data is surprisingly strong, rates could easily snap back. Conversely, if the data confirms the wisdom of the lead-off, there's more room to improve despite seemingly overbought technicals.





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## MBS Morning

11:36 AM Bonds Rallying Sharply. But Why?

## Econ Data / Events

- ○ Consumer Confidence
  - 98.3 vs 102.5 fcast, 104.1 prev
  - Biggest 1 month drop since August 2021

## Market Movement Recap

- 10:53 AM Sharply stronger overnight and continuing to rally. MBS up 3/8ths and 10yr down 11bps at 4.297
- 12:03 PM Down an eighth from highs, but MBS still up 9 ticks (.28) on the day. 10yr still down 9.8bps at 4.309, but up from lows of 4.286
- 02:25 PM Bouncing back a bit in the PM hours. MBS up almost 3/8ths and 10yr down 10.4bps at 4.303

## Lock / Float Considerations

- In the midst of what has been an impressively calm/large bond market rally, there are few ways to approach lock/float decisions. First off, although **technicals** cannot predict the future, Tuesday's addition to the bond market gains brings trading levels closer to the point that some traders will assume technical resistance. This is a short term motivation (because the data will have a bigger impact in the medium term), but it could be worth something to those who are worried about locking only to see rates continue to fall. In general, however, rally days only tend to buy more room to maneuver for the risk-tolerant clients. Risk-averse clients would always be locking the lowest rates in more than a few months anyway.

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

- Ceiling/Support (can be used as "lock triggers")

- o 4.80
- o 4.65
- o 4.57
- o 4.50

- Floor/Resistance

- o 4.19
- o 4.34
- o 4.40

## 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 | 4.299% | -0.108% |
| 2 YR  | 4.100% | -0.077% |
| 30 YR | 4.557% | -0.099% |
| 5 YR  | 4.104% | -0.131% |

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