MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: 2nd Straight Day of Losses. Blame Data or Stocks?



Steven Fishman President, Buckeye Lending Solutions, Inc.

Buckeyelends.com P: (239) 980-7588 M: (440) 773-9941

9990 Coconut Rd # 257 Bonita Springs Ohio / Florida 34135 Company NMLS#1838265 LO NMLS#9362 OH LO.012547.001



2nd Straight Day of Losses. Blame Data or Stocks?

MBS Recap Matthew Graham | 3:45 PM

We already saw the end of the bond market's 9 day winning streak with yesterday's big mid-day reversal. Today makes it extra official with modestly weaker close. That may not have been our destiny. In fact, at 9:59AM ET, it looked like yields were happy to push back toward Tuesday's lows, but things changed after the 10am ISM data. While it's clear that ISM sent yields quickly higher, the rest of the day's trading is a matter of debate or perspective. The key question is whether bonds would have lost as much ground as they did had it not been for a stock market recovery. Probably not, but the additional weakness attributable to stocks/sentiment was fairly small. Bottom line: for now, data still deserves more of the blame.

			MMBS	SLIVE	101 ·				an and a second	
INC FROM	78G	0.0	BEAL THE CHART MANE		0 O REAL TIME CO	anki (sili)				MES LIVE OWNT
12.18			DOTE FORMAGE IN	PROD 10705 LOW MORE \$96,75 \$96,77 \$96,05 \$96,08	10 Year Treat	wy *				COTON OF MAN
		A TOAM OF .	106.75 (0.00)	CHART OFTICAL + DELECT CHART	1.8270 (*				anne Inner orthoni e - se	
Mar 10 Year's rest		Just Carl M THE THE THE THE THE THE THE		Anna Card	Tour Out M THE THE THE THE THE THE THE			The second second second second		
	NO 18 LT	1000			H					
	10108-0101									Andy Parls, dog to 1 and
						1		10 Name Treasure		Constant Parente 1 march
ie 30 Taer		144	li n life	114			- m-	Open: 1,7636	- A	and the define start
1.0	10.01				C C			High: 1.7%[1		Tanta starte playing a min for
15	105.44.10.00		HERE L		- I A M	111			1 A V	
			1 Y 9 Y							The for the state of the second secon
Red Dil Tree	10000-000							1		Christopher Kinnensi + 17 -
:50								1 A A		The servery close to 1.82
35	NOATE CO.							ALC: N		Christianer Merener, 117 -

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.



Watch the Video

Update

8:58 AM Modest Gains After ADP Data

Alert

10:04 AM Erasing Some Gains After ISM Data

MBS Morning

12:10 PM Mixed Data Adds Up to Mixed Start For Bonds

Alert 2:11 PM Negative Reprices Becoming More Likely

Econ Data / Events

- • ADP Employment
 - 77k vs 140k f'cast, 186k prev
 - ISM Services
 - 53.5 vs 52.6 f'cast, 52.8 prev
 - prices 62.6 vs 60.0
 - employment 53.9 vs 52.3

Market Movement Recap

- 08:51 AM Sideways to slightly weaker overnight, but bouncing back after ADP data. MBS up just over an eighth and 10yr down 4.1bps at 4.203
- 11:32 AM Additional losses after ISM data, but holding ground now. MBS still up 1 tick (.03) and 10yr down 1.3bps at 4.232
- 02:09 PM New lows with MBS down 3 ticks (.09) and 10yr up 3.6bps at 4.28

Lock / Float Considerations

On occasions where bonds experience a correction after an extended rally, we often see that correction last for 2 days. If we could see nothing else beyond the charts, Wednesday looked like that kind of day. With the benefit of underlying news and data, there's a bit more of a reason to be cautious. Tariff developments afford equities a chance to stop the bleeding and ISM Services data suggests not all econ data will be rate-friendly. Either way, volatility risks are increasing here, not only because momentum is shifting, but also due to the bigger potential reaction to Friday's jobs report.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - ° 4.57
 - **4.50**
 - ° 4.40
 - **4.34**

- Floor/Resistance

- ° 4.05
- ° 4.12
- **4.19**



MBS & Treasury Markets

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

US Treasuries						
10 YR	4.277%	+0.032%				
2 YR	3.995%	-0.001%				
30 YR	4.569%	+0.032%				
5 YR	4.069%	+0.022%				

Open Dashboard

Share This