MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Low Volatility Session Ahead of Fed Day



John "Demo" Lender VP of Lending, Demo Mortgage Co.

mbslive.net P: (704) 555-1212 M: (407) 555-1234

10014 Normal Blvd. Charlotte NC 28044 NMLS: 123456



Low Volatility Session Ahead of Fed Day

MBS Recap Matthew Graham | 3:36 PM

4 out of the year's 8 Fed announcements include an updated dot plot (i.e. a chart of each Fed member's projection for the Fed Funds Rate at the end of the next few years). Dots have come to be viewed as one of the biggest potential flashpoints for rate volatility, but their actual track record is hit and miss. Over the past few years, they've done more to simply add context or push-back to the tone conveyed in the statement or press conference, but have stopped short of re-writing the momentum narrative. This week's example should fit right in. We know the Fed won't hike and we know the dots won't be making the sort of huge leaps seen on several recent occasions. As for today, it was pleasant, but boring, with a slightly weaker start giving way to mild rally into the close--just another day inside the multi-week consolidation.

			MMBS	LIVE	101 ·			an set	
INC PROP	# \$	0.0	REAL THE CHART MANE	9.0	REAL THE OWNER (10)				MES UNE OWN
12.18			STREAMAN *		10 Year Treasury *		PER 1/10		COROLL OF SAL
	Pro	No Change	106.75 (0.00)	104.75 104.77 104.75 104.88 Crowll princes - BOART provil +	1.8270 (-0.0010			unar Inter ormania - a	GRA ONLINE
Res 20 Year			Junction IN THE THE	NUT NOT THE THE O	Described IN SET	-	-		The set of
	102108-001		the second second	10.14	THREE CARACINE COMPLEX		1000		
									And Party Party (P. C. P
							18 Feat Treasure		
fee (il Tear			1.1.1	104.00			NAMES OF TAXABLE PARTY.	· A.	and have been been and
		1994	1146	•		1	Open: 1,7434		Anty Parts, ACCOUNTS
	101.44 -0.00		hilling a	THE REAL PROPERTY.		N	Low 1.7850	202	21. Take stocks playing a rule form
10			1 U 800.0				Ocean & Print	1.1	photos Darada - 1
Red Di Tran								-	Christopher Einverst, 117 oc
							1.0	61	ar way close to 1.62
							Contraction of the local distribution of the		Contraction Conversion of Con-
									The loss has been being that he has been at the bar has been been been been been been been bee
				and the state of the state of					Watthew Grahami, 1 11 pr.
fies .				2 Aug	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	i and			10 state for mentioned that a loss total to the state of the state
	10021092-0.0000	8.9198 (-C.8987) 9.8799 (-C.997)	UNI NONS STREAM					al An	E Matthew Graham

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



Watch the Video

MBS Morning

11:37 AM Germany's Debt Increase and Treasury Consolidation

Econ Data / Events

- • Building Permits
 - 1.456M vs 1.450M f'cast
 - Housing Starts
 - 1.501M vs 1.380M f'cast
 - Industrial Production
 - 0.7 vs 0.2 f'cast

Market Movement Recap

- ^{10:20 AM} Sideways to slightly weaker overnight but bouncing back now. MBS and 10yr both exactly unchanged.
- 01:34 PM rallying all morning with additional gains after 20yr auction. MBS up 3 ticks (.09). 10yr down 2bps at 4.281
- 03:15 PM Off the best levels now, but still stronger on the day. MBS up 2 ticks (.06) and 10yr down 2.6bps at 4.276 (about 1bp up from lows).

Lock / Float Considerations

Bonds/rates have generally been in consolidation mode after hitting the best levels in early March. That's been mostly a sideways affair, but a breakout in either direction is possible. The biggest risk/opportunity on the near term horizon is Wednesday afternoon's Fed announcement (not due to rate cuts, which are a 0% chance, but instead due to the dot plot). Stock/bond correlation has been hit and miss.

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

30YR UMBS 5.5	+
30YR UMBS 6.0	+
30YR GNMA 5.5	
15YR UMBS-15 5.0	

US Treasuries						
10 YR	4.284%	-0.018%				
2 YR	4.042%	-0.019%				
30 YR	4.583%	-0.007%				
5 YR	4.075%	-0.011%				

Open Dashboard

Share This