# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

# MBS Recap: Low Volatility Session Ahead of Fed Day



Michael Addison Mortgage Loan Officer, First United Bank Mortgage

www.MichaelAddison.com M: (214) 500-1358 maddison@firstunitedbank.com

8411 Preston Road, Ste. 112 Dallas TX 75225 NMLS# 603214 Company NMLS# 400025





# 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	SLIVE	E + 10.4		• 🔝 0.044 9(12	
INC PROPERTY	4	0.0	BEAL THE CHART MANE	0.0	REAL TIME CHART (40)			MUS LINE OWN
12.18			STREEMALS *	PROF 0708 LOW MOR 108,75 108,77 108,75 108,88	10 Year Dealory *			10000 011es
	Prop	Ny-Damp Experies	106.75 (0.00)	CHARTOTTONS+ DELECTONAT+	1.8270 (-0.001		CONTRACT S	Gran Chatchere
Res 10 Year			June Case 10 1001 100	THE REPORT OF THE	Annual States	100 100 100 100 100		The bar Dariely of the second
		101						
	10108-0101							Andy Parks, dr. ( 1.17 pr.)
					The state	10 Feat line		Con store hands a low
an 10 Year -			1.1.1	194.00		A Designation		Training and the second second
			11.485			Open 1,10 High 1,70		AND AND DESCRIPTION
	101.44 -0.00			THE REPORT OF LAST		1 Low 1.70		These shocks playing a role b
			<b>1 1 1 1 1 1 1 1 1 1</b>			Out 12	the literature	The law Dariely, 1 17 and
No. of Conc.							<u> </u>	an figure, apple beat or ea
				AND ADDRESS OF			<b>C</b>	Christopher Einenner + 17
	NOADE - LTN						1	Christigher Sevensi 417

© 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**

- <sup>10:20 AM</sup> 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

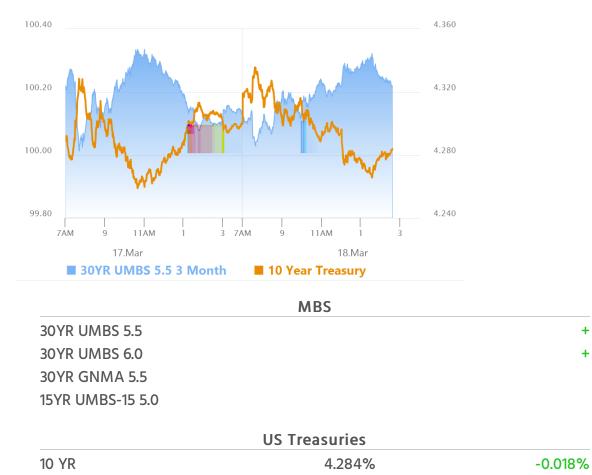
Bonds/rates have generally been in consolidation mode after hitting the best levels in early March. That's been mostly a sideways affair, but a breakout in either direction is possible. The biggest risk/opportunity on the near term horizon is Wednesday afternoon's Fed announcement (not due to rate cuts, 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")
  - o 4.57
  - **4.50**
  - · 4.40
  - · 4.34

#### - Floor/Resistance

- · 4.05
- · 4.12
- · 4.19



÷

÷

### **MBS & Treasury Markets**

2 YR	4.042%	-0.019%
30 YR	4.583%	-0.007%
5 YR	4.075%	-0.011%

**Open Dashboard** 

Share This