

# MBS & TREASURY MARKETS

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## MBS Recap: Uneventful Trading Day, But That's a Win



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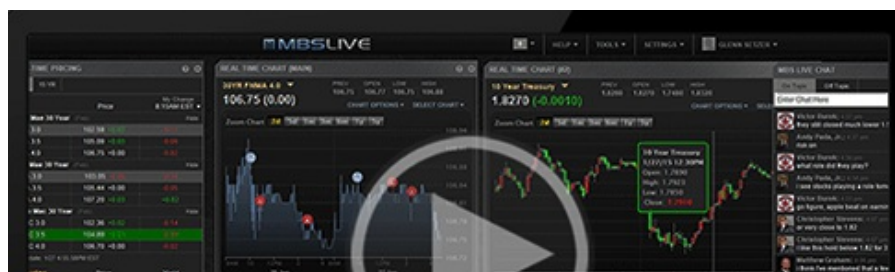
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## Uneventful Trading Day, But That's a Win

**MBS Recap** Matthew Graham | 5:06 PM

There's not much to say about today's trading session. MBS and Treasuries both ended exactly in line with yesterday's latest levels, and there wasn't much fanfare in between. Well, maybe "fanfare" depends on one's perspective. 10yr yields managed to fall 6bps by 9:30am and pushed 6bps higher over the next 3.5 hours before flat-lining in the afternoon. A 6bp swing is somewhat interesting, but even if we only had the flat-line, today would still be a victory due to yesterday's gains and the fact that bonds haven't been bothered by the moderate recovery in stocks. Granted, today's stock market bounce occurred at the same time as the bond yield bounce, but the correlation didn't even make it through the day before breaking down again.





Watch the Video

## MBS Morning

11:07 AM No Whammies in The Data, But Stocks Aren't Helping

### Alert

11:37 AM Down Just Over an Eighth From Highs

## Econ Data / Events

- ○ Jobless Claims
  - 223k vs 224k f'cast, 221k prev
- Philly Fed Index
  - 12.5 vs 8.5 f'cast, 18.1 prev

## Market Movement Recap

- 08:30 AM No major reaction to ho hum data after overnight gains. MBS up 5 ticks (.16) and 10yr down 3.9bps at 4.195
- 11:37 AM MBS up 2 ticks (.06) and 10yr down half a bp at 4.228.
- 03:10 PM sideways at weaker levels. MBS up 1 tick (.03) and 10yr up 0.2bps at 4.236

## 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. While there was a risk of a breakout associated with the Fed announcement, (and while rates technically broke out to the downside), it's easier to make a case that the consolidation pattern now merely shifts to a trading range (less of a triangle and more like a rectangle). This has limited relevance for locking/floating, but it does give the risk-tolerant crowd some more room to maneuver before hitting stop-loss ceilings. The

risk-averse crowd is happy to lock the lowest rates in over a week and nearly the lowest rates in several months.

## 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	4.231%	-0.003%
2 YR	3.966%	-0.019%
30 YR	4.557%	+0.007%
5 YR	4.013%	-0.014%

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