

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.



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



Paul E Smith

Owner, Main Street
Mortgage Company

www.texasmainstreet.com

P: (713) 528-1245

M: (713) 480-7385

3100 Richmond Ave
Houston TX 77098

MSMC NMLS 296814

Paul E Smith NMLS 193580



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")
 - o 4.57
 - o 4.50
 - o 4.40
 - o 4.34

- Floor/Resistance
 - o 4.05
 - o 4.12
 - o 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%

[Open Dashboard](#)

[Share This](#)