

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: 10yr Auction to The Rescue



Todd Gorman

Sales Manager, Adaptive
Mortgage Solutions

G2Mortgage.com

P: (866) 754-6376

M: (951) 265-5302

todd@g2agency.com

4883-B Ronson CT
San Diego CA 92111

[NMLS#379724](#)

CADRE #01701211

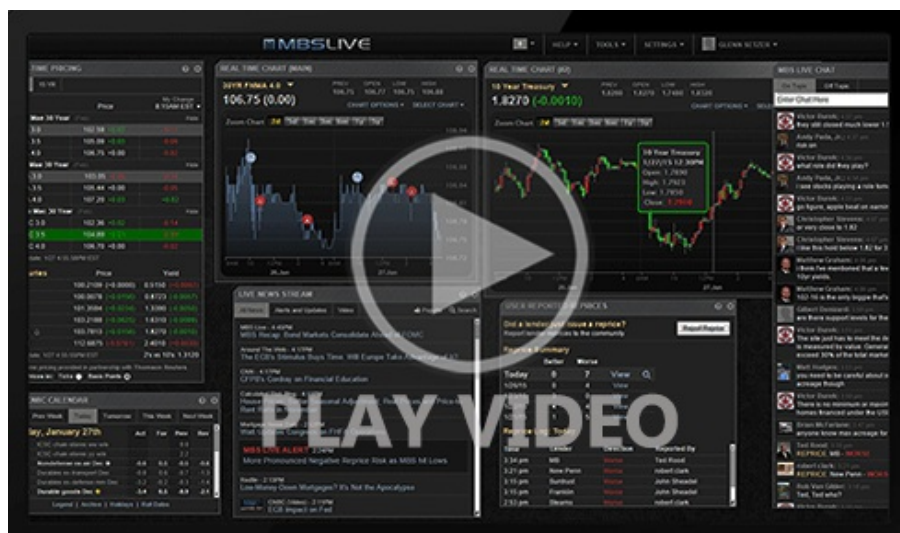


10yr Auction to The Rescue

MBS Recap Matthew Graham | 4:09 PM

Today's 10yr Treasury auction was the only relevant calendar event in terms of potential market movement and it lived up to its billing. Unlike the set-up to many auctions, there was no meaningful weakness in bonds ahead of the 1pm cut-off. The results themselves were decidedly strong and the immediacy of the market reaction reflected that. Yields dropped 4bps more or less instantly, and MBS ultimately added another eighth of a point of improvement to the eighth that was already in play before the auction. From

here, attention turns to Wednesday's Fed announcement, specifically for Powell's press conference (because there's zero chance of a rate cut at this meeting).



Watch the Video

MBS Morning

10:37 AM 2-Way Trading, Slightly Weaker Start

Update

1:24 PM Moving Into Positive Territory After 10yr Auction

3:46 PM

Econ Data / Events

- Trade Gap
 - -140.50b vs -137b f'cast, -123.20b prev

Market Movement Recap

- 09:25 AM Initially weaker overnight, then steadily stronger into AM hours. MBS unchanged and 10yr nearly unchanged at 4.344
- 01:04 PM Moving into positive territory after 10yr auction (which came in about 1.2bps below expectations). 10yr yield now down 2.1bps on the day at 4.326 and MBS up nearly an eighth of a point.
- 02:25 PM Off the best levels, but still stronger. MBS up 6 ticks (.19). 10yr down 2.5bps at 4.321

Lock / Float Considerations

- As yields moved higher for the third straight day on Monday, we questioned the motivation, saying that it was easier to make a case for a broadly sideways range as opposed to one that is trending convincingly in either direction. Tuesday's auction-driven rally reinforced that notion by adding yet another ceiling bounce at or near 4.35%. Sadly, and as always, none of the above will help predict the immediate future. We're merely observing the support for that broadly sideways momentum. Big ticket events can create directional movement if they fall far enough from expectations. Wednesday's only scheduled contender is the Fed announcement and press conference in the afternoon.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.64
 - o 4.48
- Floor/Resistance
 - o 3.99
 - o 4.05
 - o 4.12
 - o 4.19
 - o 4.34
 - o 4.40

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	4.305%	-0.040%
2 YR	3.794%	-0.040%
30 YR	4.808%	-0.028%
5 YR	3.900%	-0.039%

[Open Dashboard](#)

[Share This](#)