MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Treasury Auction Blamed as Bond Vigilantes' Smoking Gun



Tim Pillsbury Branch Manager -Mortgage specialist, AmRes Corporation

www.nolalender.com P:(985)777-2837

636 Gause Blvd Slidell Louisiana 70458 NMLS #101822





Treasury Auction Blamed as Bond Vigilantes' Smoking Gun

MBS Recap Matthew Graham | 4:32 PM

Vigilante justice! Taking matters into one's own hands! It's a sensational concept when applied to the bond market, but the term hasn't really done us many favors over the years. It happened to work for a headline today because the term is as over-the-top as the notion that today's 20yr auction was some magical "ah ha" moment leading to a massive reprimand of congressional budget negotiations in both stocks and bonds. In actuality, the auction was fairly average--certainly nothing that warranted the stock/bond swoon, but if markets were looking for an excuse to sell (a smoking gun?), it was one of the only options.

			MMBSLIVE		101						
THE PROVS		0.0	HEAL THE CHART MANE	REAL TIME CHART \$49				MES LIVE OWN			
11.10	Pro	An Owner a	106.75 (0.00)	THE STAR LAW MAN MADE WATE WATE AND	1.8270 (tare the		Deltes Office Desr Ductions	
New 16 Year / Feet		Just Care 24 The first first that the first first		Anna Charl Mr. THE THE THE THE THE THE THE				They all chosed much lower			
11	10100-010					and a second				Andy Paulo, doi: 1.1 or	

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



Watch the Video

MBS Morning 10:50 AM Nothing For Bonds to Trade But Fiscal Disillusionment Alert 1:17 PM Weakest Levels After 20yr Bond Auction Alert 2:18 PM Negative Reprices Becoming Likely Despite Stabilization in Bonds 4:06 PM

Market Movement Recap

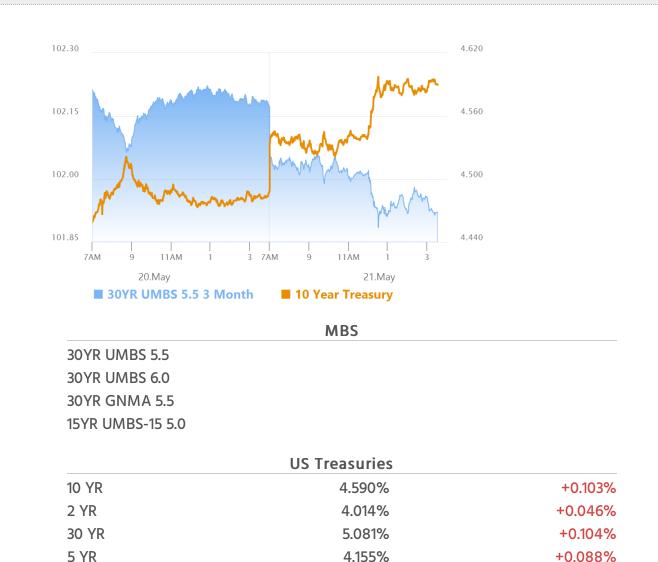
- 09:21 AM weaker overnight amid ongoing budget battle. MBS down just over a quarter point and 10yr up 5.3bps at 4.541
- 01:04 PM A bit weaker after 20yr auction. 10yr up 6.5bps at 4.553 and MBS down nearly 3/8ths.
- 02:37 PM Additional selling in both stocks and bonds. MBS down half a point and 10yr up 9.4bps at 4.582. Weakness looks to have stabilized for now though.

Lock / Float Considerations

Bonds/rates find themselves in the unpleasant position of not knowing where their next big impetus for improvement will come from. While it's true that rates can fall despite an obvious catalyst, this is nonetheless not a float-friendly environment. The only foreseeable exceptions would be for seriously weak economic data or a miraculous improvement in the debt issuance outlook.

Technicals/Trends in 10yr (why 10yr)

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



MBS & Treasury Markets

Open Dashboard

Share This