

MBS & TREASURY MARKETS

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MBS Recap: JOLTS Data Didn't Help, But it Didn't Hurt Much Either



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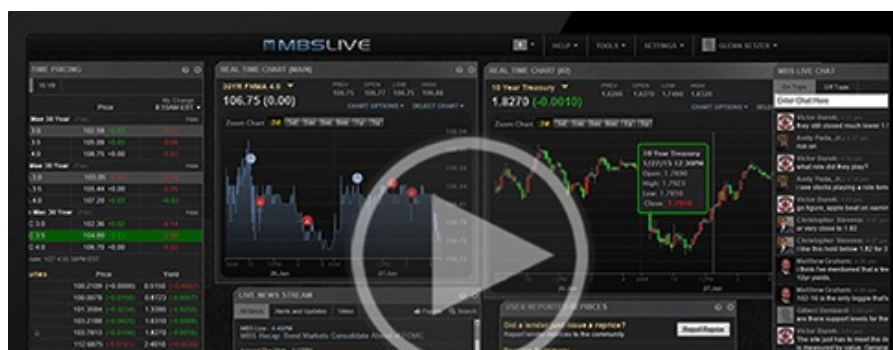
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JOLTS Data Didn't Help, But it Didn't Hurt Much Either

MBS Recap | Matthew Graham | 4:43 PM

Bonds were moderately stronger overnight and then weaker after the 10am JOLTS data. The data itself was mixed with Job Openings higher (bad for rates) and job quits lower (good for rates). The headline took precedence and pushed yields back into higher territory on the day. Selling ebbed in the PM hours and MBS ultimately made it back to positive territory. Headlines regarding the Senate taking up the budget bill are ramping up, but with no discernible impact on the bond market so far. Bottom line, a roughly unchanged close in bonds requires very little explanation. On to the next data with ISM Services on Wednesday!





Watch the Video

MBS Morning

10:35 AM Fed and Data Temper Overnight Rally

Alert

10:40 AM Down Over an Eighth From AM Highs

Alert

12:59 PM Negative Reprice Risk Increasing

Econ Data / Events

- ○ Job Openings
 - 7.391m vs 7.1m f'cast, 7.2 prev
- Job Quits (lower is better for rates)
 - 3.194m vs 3.332m prev

Market Movement Recap

- 09:57 AM Slightly stronger overnight. MBS up 2 ticks (.06) and 10yr down 3.7bps at 4.409 ahead of JOLTS data.
- 10:44 AM Weaker after data. MBS unchanged and 10yr up half a bp at 4.441
- 12:59 PM 10yr yields are up 2.4bps at 4.47 and MBS down nearly an eighth on the day.
- 04:26 PM Decent recovery. MBS up 2 ticks (.06) and 10yr close to unchanged at 4.451

Lock / Float Considerations

- Rates have managed to find support at recent high yields after spending most of May moving decisively higher. Prevailing momentum is sideways in a fairly narrow range in the bigger picture. It continues to

be the case that a truly worthwhile rate rally will require sharply weaker economic data, a consistent failure of tariff-driven inflation to materialize, and/or a legitimate reason to expect lower Treasury issuance.

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 | 4.456% | +0.009% |
| 2 YR | 3.955% | +0.015% |
| 30 YR | 4.982% | +0.016% |
| 5 YR | 4.025% | +0.021% |

5 YR

4.025 %

+0.021%

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