MBS Recap: Perfectly Logical Reaction to On-Target Data

Kevin Burrus
Senior Home Loan Officer /
Certified Financial Coach,
Barrett Financial Group,
L.L.C. NMLS#181106

P: (480) 330-7252
kevinb@barrettfinancial.com
NMLS#745375

B BARRETT
FINANCIAL GROUP

Perfectly Logical Reaction to On-Target Data

MBS Recap   Matthew Graham | 5:02 PM

It's not necessarily a fun fact to face, but today's bond market sell-off was a perfectly logical reaction to the modest beat in NFP. But wait, what about the negative revisions?! Yes, it's still a logical reaction. Reasons for this are exhaustively discussed in today's video, but the short version is as follows. Wednesday's rally was largely about Wednesday's data carrying anecdotal implications for Friday's jobs report. When Friday's jobs report didn't deliver the goods, the rally was erased. Revisions didn't matter because last month's NFP was a big beat in and of itself and only revised to levels that were still higher than today's headline. Bottom line: NFP looks sideways at decent levels--not at all worthy of the concern suggested by Wednesday's reports and other generally weaker data over the past week.
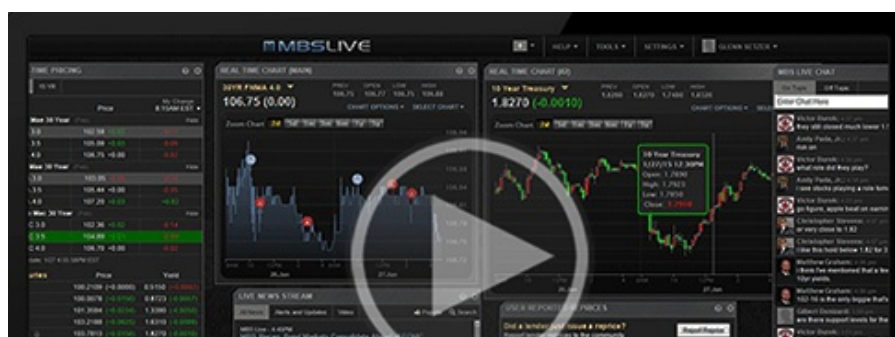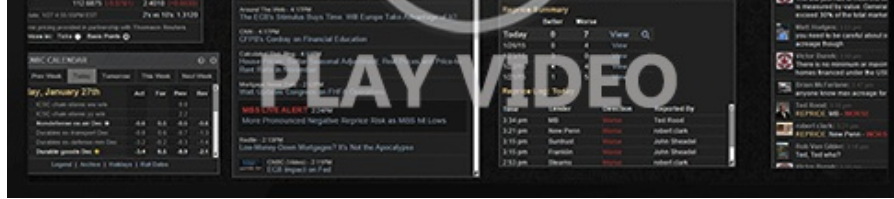
[Watch the Video](#)

Alert	

8:34 AM   NFP Right in Line With Forecast; Some Selling

MBS Morning	

11:30 AM   Jobs Report Not Bad Enough to Justify The Lead-Off

Alert	

12:14 PM   Steady Losses; New Lows

3:23 PM

Econ Data / Events

- ○ Nonfarm Payrolls
    - 139k vs 130k f'cast, 147k prev

  ○ Unemployment Rate
    - 4.2 vs 4.2 f'cast/prev

Market Movement Recap

08:44 AM   Weaker after NFP. MBS down 6 ticks (.19) and 10yr up 5.7bps at 4.453

12:14 PM   weakest levels of the day with MBS down a total of 11 ticks (.34) and 10yr yields up 9.1bps at 4.486.

03:55 PM   Slow, steady selling trend continues (maybe leveling off now) with MBS down 13 ticks (.41) and 10yr up 11.1bps at 4.505
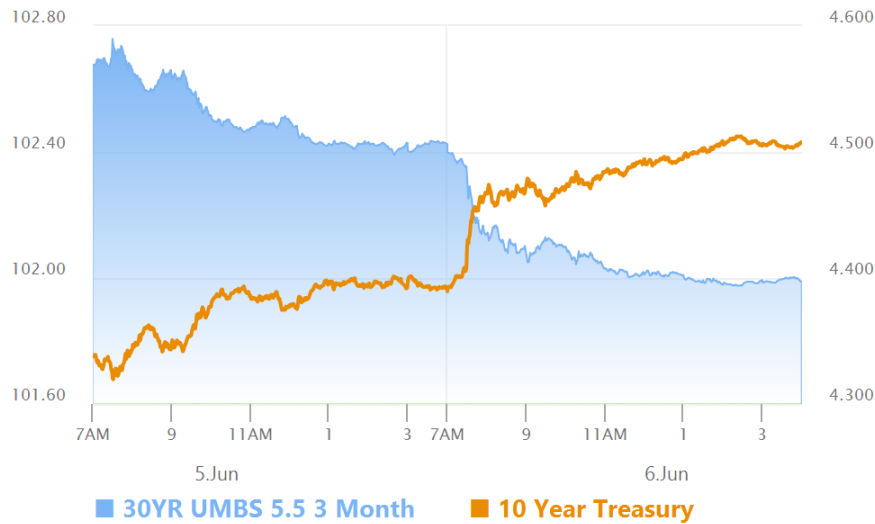
Lock / Float Considerations

- Friday's jobs report reset the board to some extent when it comes to short term lock/float

considerations. There was asymmetric risk up until then, and more balanced risk moving forward. The upcoming data is not as meaty, so we could see more of a willingness to react to fiscal headlines.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.64
  - 4.48

- Floor/Resistance
  - 3.99
  - 4.05
  - 4.12
  - 4.19
  - 4.34
  - 4.40

MBS & Treasury Markets

■ 30YR UMBS 5.5 3 Month   ■ 10 Year Treasury

MBS

30YR UMBS 5.5

30YR UMBS 6.0

30YR GNMA 5.5

15YR UMBS-15 5.0

US Treasuries

10 YR	4.508%	+0.113%
2 YR	4.031%	+0.111%
30 YR	4.962%	+0.090%
5 YR	4.123%	+0.125%

Open Dashboard

Share This