Daily Coverage. Industry Leading Perspective.

## MBS Recap: Not Reading Too Much Into Friday's Weakness



Caroline Roy Branch Manager, Loan Officer, GoPrime Mortgage P: (406) 624-6330 M: (406) 581-4939

2015 Charlotte St. Bozeman MT 59718 271203 MT, ID, CO, CA, ME, AK, WA,WY



# Not Reading Too Much Into Friday's Weakness

MBS Recap Matthew Graham | 3:31 PM

At first glance, with only one report on the calendar, it's only logical to give Consumer Sentiment credit for sparking today's bond market selling spree. Closer inspection adds nuance. First off, selling began in earnest at 8:20am--the unofficial opening bell for bond market trading and a time of day where inclined sellers/buyers are often lined up and waiting to trade accordingly. Then there's the fact that the post-data selling didn't begin until 6 minutes after the data--an odd eventuality given the tendency for reactions to be perfectly immediate. Last but not least, we can entertain several reasons that traders might be interested in moving to the sidelines ahead of next week's potential geopolitical developments and Fed announcement.

			MMB	SLIVE	100 · 100 ·		an sea	
THE PROP	4	0.0	HEAL THE CHART MANE		D HEAL THE CHART HO			MES LIVE OWAT
12.18			STREAMAN	PROF 0705 LOW MOR 104.75 104.77 104.75 104.88	10 Year Treasury Y			COLUMN DE LAS
	Pro-	No-Denne A Triane Late	106.75 (0.00)	CHARLOTTONI+ MARCONFT+	1.8270 (-0.0010		Construction of the	Gen Outries
Not 10 Year			Junction 10 100 100	Nor Nor Nor Nor	Interched IN 1971	or here were rear to be		the back of the
38 -	100.04		Construction of the last	10.0	Times Chart and parts	and plane share that that		They still closed much lower 1
								And Parks, Aug. 1. Con.
40						10 Fear Dec		Constant Darak Lines
No. 10 Year -			1.15	114.0		A		and one do key play?
		1994	1140			Open 1,783		Anto Parts, All Colors
	10144-010			A PARA MAN		Low 1,703		21 rate stocks playing a rule for
			1 U 00.0			Ours. 1.78	1 J. T	The for The set of the
No. 51 Test								
							1	Charlestanter Envenen: + 17 pr
						Contraction of the second	8	Son Christenber Sevene 117
								The line has been being to be be
			Search Street Avenue	and a star of the star				Wolflerer Grahami ( 11 pr.
eters .				2 Aug	and the second second	1 1 24 1		10 statis
	002109210000	84723 (0.005)	LIVE NEWS STREAM		-	And in case of the local division of the loc	17.0a	Enthere Graham - I an

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



Watch the Video

MBS Morning						
9:53 AM	Opening Weaker Despite Israel/Iran Headlines					
Alert						
10:32 AM Additional Weakness After Sentiment Data						
Alert						
1:37 PM	Weakest Levels; Ongoing Reprice Risk					
3:21 PM						

## Econ Data / Events

- • Core MM PPI
  - 0.1 vs 0.3 f'cast, -0.2 prev
  - Core YY PPI
    - 3.0 vs 3.1 f'cast, 3.2 prev
  - Monthly Headline PPI
    - 0.1 vs 0.2 f'cast, -0.2 prev
  - Jobless Claims
    - 248k cs 240k f'cast, 248k prev
  - Continued Claims
    - 1956k vs 1910k f'cast, 1902k prev

## Market Movement Recap

- 09:09 AM Roughly unchanged overnight and losing ground early. MBS down just over an eighth and 10yr up 2.3bps at 4.387
- 11:33 AM steady selling all morning. MBS down 10 ticks (.31) and 10yr up 6.2bps at 4.425

- 10yr yields are now up 8bps on the day at 4.443 and MBS are down nearly 3/8ths of a point
- 03:24 PM Worst seems to be over for selling. Still weaker though with MBS down 9 ticks (.28) and 10yr up 5.2bps at 4.416

#### Lock / Float Considerations

The week ended with a token pull-back after a strong mid-week rally. Monday morning is anyone's guess given the geopolitical volatility. Friday's selling restores better balance between risk and reward, but potential volatility is higher than normal.

### 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**

**MBS** 

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

30YR UMBS 5.5 30YR UMBS 6.0 30YR GNMA 5.5 15YR UMBS-15 5.0

US Treasuries					
10 YR	4.415%	+0.051%			
2 YR	3.953%	+0.043%			
30 YR	4.909%	+0.063%			
5 YR	4.013%	+0.043%			

Open Dashboard

Share This