# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Token Weakness Without a Cause



Jeff Dobrzykowski Branch Manager, Direct Mortgage Loans

www.dobzgroup.com M: (443) 722-1680

206 S Hays St Unit 200 Bel Air Maryland 21014 NMLS #155799

*DirectMortgageLoans* 

### Token Weakness Without a Cause

MBS Recap Matthew Graham | 4:14 PM

Sometimes bonds rally or sell-off for no apparent reason, or at least for no reason that can be easily proven. That's been the case on each of the past two sessions with 30yr yields moving almost 10bps higher between the two of them. Geopolitical motivations have been nonexistent despite some efforts to link oil price concerns to bond weakness (not a solid thesis right now). Fiscal concerns may be having some small effect behind the scenes, but they're hard to substantiate based on the available headlines. The easiest approach would be to continue to classify the market as rangebound, in which case a pull-back makes sense given the lower yields seen last Thursday--especially with bigger ticket data/events over the next two days.

|               |                                |            | MMBSLIVE   | Ē                     | 10.P+  |                          | NGA * 🔝 GLONA  |   |
|---------------|--------------------------------|------------|--|-----------------------|--|--------------------------|--|---|
| THE PRO       | ( <b>18</b> 5)                 | 0.0        | HEAL THE CHART MAN   | 0.0                   | HEAL THE CHART (K)   |                          |  | MES LIVE OWN  |
| 11.18         |                                |            | 3010 FINAL 4.2 *   | 1993 the stat         | 10 Year Treasury *   |                          |  | COLOR OF A  |
|               | ine .                          | A TOAM LOT |  | FORTIONS - MARTONNE - | 1.8270 (-0.0010)   |                          | CARE CODE<br>Cover priced  | Gen Outries   |
| Not 10 Your   | 1 Car                          |            | June Carl 24 Part Tel Ser Har Th   | 1997                  | Incompany of the line  | NUMBER OF TAXABLE PARTY. |  | the loss Darrade, a service   |
| 3.8 -         | 100 14 100                     |            | the law has been and the   | 10.04                 | THE OWNER AND DECIDED  | THE REPORT OF            |  | Twy still closed much lower 1   |
| 5.5           | 10108-0101                     |            |  |                       |  |                          |  | Andy Parls, dr. ( 1.1 pr.   |
| 60            | 10675-680                      |            |  |                       |  |                          | or Descervit   | Contraction Contraction   |
| tion (10 Team |                                |            |  | 104.00                |  |                          | 15.12.30%  | Aus anatom de Rey play?   |
|               |                                | 1994       | 11 M   |                       |  |                          | 1290   | Anty Parks, JUL 1 1 10  |
|               | 100.00.000                     |            |  | APRIL DAN             |  |                          | unter des  | 21 Take stocks playing a role for   |
|               |                                |            | 1 W 800.0  |                       |  | Care                     |  | De ter Derte von best et sam  |
| Ref Di Ter    |                                |            |  |                       |  |                          |  | Charles and the second |
|               |                                |            |  |                       |  |                          | 1 C C  | ar very close to 1.82   |
|               |                                |            |  | A STATE               |  |                          | 415.7  | Con Christianian Verynami - 17-2  |
|               |                                |            |  |                       |  |                          | and the second s | The first his host being 1.82 for   |
|               |                                |            | the first of a state of the sta | - UAy - 1             |  |                          |  | Butthere Grothere: 1.11 pro   |
| atten -       |                                |            | 8.64   | 2.50                  | and the second second  |                          |  | 10 state for mentioned that a to<br>10 state.   |
|               | 100,2109 2-0 00003             |            |  |                       |  |                          | 27.5au   | Bathers Graham in 11 an   |
|               |                                |            | LIVE NOWS STREAM   |                       | Contraction of the local division of the loc |                          |  | 107 hi a fe orly logge for  |
|               |                                |            | ALL DOLL AND AND ADDRESS VALUE   | ATTEND DOWN           | COLUMN STREET, |                          | 0.0  | Gillert Denizertil 1 17 pro-  |
|               |                                |            | MILLION A STATE  |                       | Del a lander and more  | a reprise?               |  | an here apportioned to b  |
|               | water Parcella Local distance. |            |  |                       |  |                          | "Reput Papelar"  | which which a Parada in the sec   |

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



Watch the Video

#### **MBS Morning**

10:25 AM Slow Start Leaves Focus on The Next 2 Days

| Alert   |     |                                  |
|---------|-----|----------------------------------|
| 2:01 PM | Dow | n More Than an Eighth From Highs |
|         |     |                                  |

4:04 PM

Econ Data / Events

- • NY Fed Manufacturing
  - -16.0 vs -5.5 f'cast, -9.20 prev

#### Market Movement Recap

- 09:48 AM Choppy and slightly weaker overnight, but sideways and holding ground since then. MBS down 2 ticks (.06) and 10yr up 2.4 bps at 4.426
- O1:47 PM After a decent rally into 10:30am, MBS are down an eighth from highs and 3 ticks (.09) on the day. 10yr up 4.6bps at 4.446
- 03:50 PM Heading out near weakest levels with MBS down an eighth on the day and 10yr yields up 5.3bps at 4.454

#### Lock / Float Considerations

Bonds have done what they need to do in order to maintain the prevailing range. This reinforces just how challenging it will be for data to justify a meaningful rate rally (and that it will likely need to be employment data rather than persistently tame inflation). Bond weakness on Friday and Monday make for a more neutral approach to this week's big ticket events, but those events are nonetheless capable of prompting a reaction in either direction.

### 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**

MBS

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

| US Treasuries |        |         |  |  |  |
|---------------|--------|---------|--|--|--|
| 10 YR         | 4.451% | +0.049% |  |  |  |
| 2 YR          | 3.968% | +0.018% |  |  |  |
| 30 YR         | 4.960% | +0.059% |  |  |  |
| 5 YR          | 4.033% | +0.028% |  |  |  |

**Open Dashboard** 

Share This