MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Token Weakness Without a Cause



Justin Stearns Mortgage Broker, Assist Home Loans

www.assisthomeloans.com P: (805) 475-4900 M: (805) 757-0544 justin@assisthomeloans.com NMLS 258870



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	🛄 * 100.0 * 100.3 * Millings * 🔛 GLOW MINUS *	
THE PAR	10 5	0.0	REAL THE CHART MAN	0.0 REAL THE CHART (40) MIS LINE O	4.1
1.18			STREET ALL THE STREET STREET	The star being a star the same contained	Of Tape
	Pro-	No Change	106.75 (0.00) Contract - In		14
Not 10 Your			June Carl 24 That that the line that the	the second se	
34	NO MARKET		the second	Lists in the second sec	closed much lower
				H for Incorp	
New 30 Team				the second secon	Tests and they
	10.01			COLUMN TO ANY TAXABLE ANY TAXA	nia, Autoritation Replacements
48 48	10144-030			1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
The later				Conc. 1286	, apple beat or on
0.3.0	100 10 -010			Contraction of Contra	
635	NUMBER OF COMMON			Marine Marine Marine Marine	
048	100.70 -0.00				And Mercenet 117
			In the second		Grahami n in pro
1000	Para	ALC: NOT	Alter Line	the second se	e memboried Purce
	100,7109 (-0.0000)		the second se	the star of the star was a star of the sta	
		04120 (00015)	LINE NOWS STREAM		e Grafianet e lit yee n Rie ante beggie R
			And and period and the state	Part Glass Official Parts 0.0	
					a support levels for
			Will Decker David Markets Consultates Advantes (CON	Read And And And And And And And And And An	Appendix 1.1 m pro-

© 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 Down 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
- 01:47 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
 - o **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