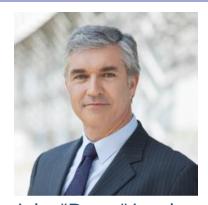
MBS & TREASURY MARKETS

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MBS Recap: Underwhelming (But Friendly) Conclusion



John "Demo" Lender VP of Lending, Demo Mortgage Co. mbslive.net

P: (704) 555-1212 M: (407) 555-1234

10014 Normal Blvd. Charlotte NC 28044 NMI S: 123456



Underwhelming (But Friendly) Conclusion

MBS Recap Matthew Graham | 4:59 PM

The present week didn't manage to offer nearly as much excitement as the previous few examples, but that's not necessarily a bad thing considering yields/rates are near the lower boundary of their recent ranges. Today looked like it may have been a higher rate day at the start of the session, but bonds arrested the selling trend and reversed course after dovish comments from Fed's Waller. Europe's close was also beneficial for US bonds, helping us get all the way back into modestly stronger territory before trading levels flat-lined into the U.S. close.





Watch the Video

MBS Morning

11:00 AM Unofficial 4 Day Weekend

1:17 PM

Econ Data / Events

- O Philly Fed Index
 - -4.0 vs -1 f'cast, -4.0 prev
 - Leading Indicator Index
 - -0.1 vs -0.1 f'cast, -1.0 prev

Market Movement Recap

10:09 AM Moderately weaker overnight, following European bonds, but bouncing back a bit after AM data. MBS down 1 tick (.03) and 10yr up 2.7bps at 4.419

12:20 PM Decent rally at 11am. 10yr now down 1bp at 4.382. MBS up 3 ticks (.09).

03:09 PM flat all afternoon. 10yr down 1.8bps at 4.374 and MBS up 5 ticks (.16).

Lock / Float Considerations

The incoming week's calendar is multifaceted in terms of economic data and Fed speakers. Both are worth a reaction in rates, but the data is the market's preference at the moment. On that note, Monday's Services PMI is a capable market mover and introduces some event risk. That said, none of the data is capable of fundamentally altering the narrative. That leaves risk/reward fairly balanced. Technicians and trend followers may note our nearness to lower range boundaries and thus feel a bit more defensive, however.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.64
 - 0 4.48
- Floor/Resistance
 - 0 3.99
 - 0 4.05
 - o 4.12
 - o 4.19
 - 0 4.34
 - 0 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 | 4.378% | -0.014% |
| 2 YR | 3.908% | -0.037% |
| 30 YR | 4.890% | -0.001% |
| 5 YR | 3.963% | -0.028% |

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