

# MBS & TREASURY MARKETS

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## MBS Recap: Underwhelming (But Friendly) Conclusion



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## 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

- ○ 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).

## 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
  - o 4.48
- **Floor/Resistance**
  - o 3.99
  - o 4.05
  - o 4.12
  - o 4.19
  - o 4.34
  - o 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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