

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Underwhelming (But Friendly) Conclusion



Gina Mancuso

Luxury Real Estate
Professional, Gina Mancuso
Luxury Real Estate

northcountyproperties.com/team

P: (619) 757-6629

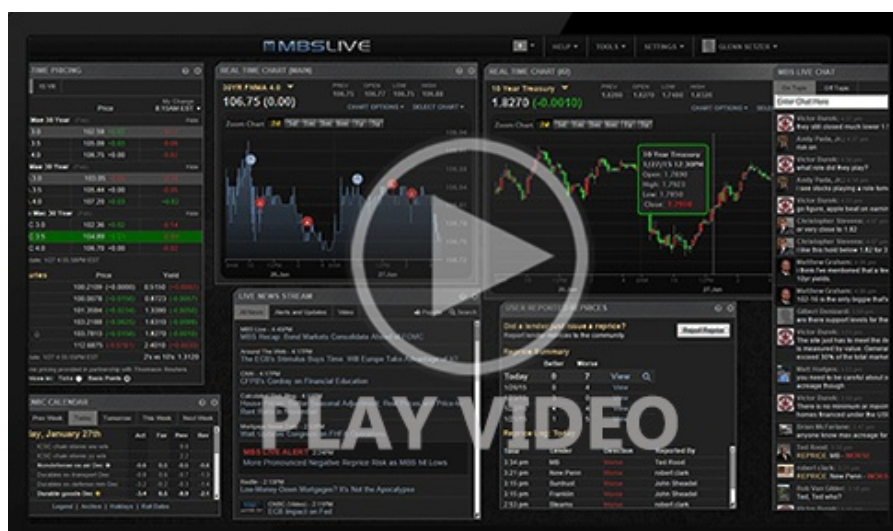
M: (619) 757-6629

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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.



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).
- 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.

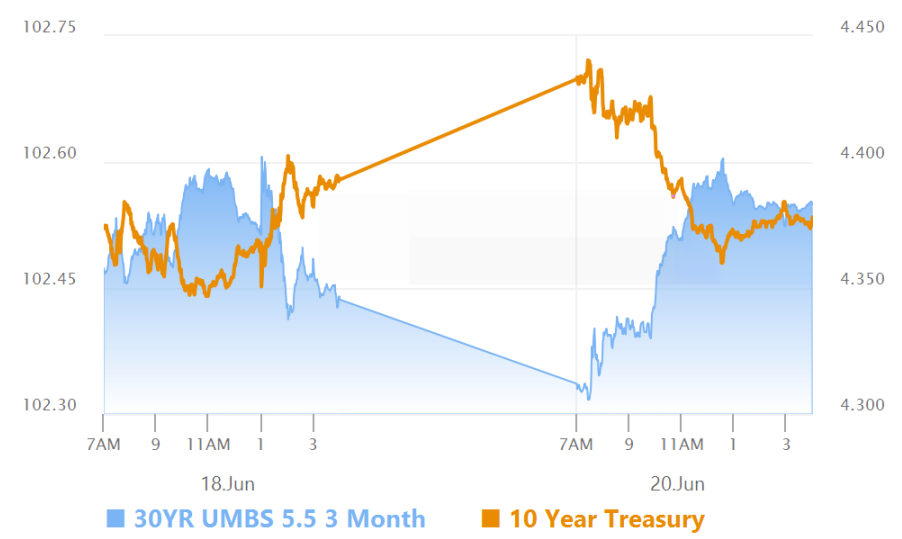
Technicals/Trends in 10yr (why 10yr)

- **Ceiling/Support** (can be used as "lock triggers")
 - 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 | 4.378% | -0.014% |
| 2 YR | 3.908% | -0.037% |
| 30 YR | 4.890% | -0.001% |
| 5 YR | 3.963% | -0.028% |

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