# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

### MBS Recap: Mid Day Reversal Leaves Bonds Slightly Stronger



Bryan Ashby Owner, Ashby Financial Group, LC

www.ashbyfinancialgroup.com P: (801) 294-6179 M: (801) 455-1007 bryan@ashbyfinancialgroup.com

326 Apricot Grove Kaysville UT 84037



## Mid Day Reversal Leaves Bonds Slightly Stronger

MBS Recap Matthew Graham | 4:19 PM

This morning, we noted the lightness of the selling pressure that took bonds into modestly weaker territory. It turns out it was so light that it was easy for bond buyers to get back on top un the afternoon hours. There was a bit of help from the Fed's much-anticipated announcement of a change to banking rules that will effectively allow banks to hold more Treasuries than before. This wasn't a big market mover and its impacts would play out in the background over time, but it did seem to help to the tune of a bp or two today. With that, yields hit the 3pm close at their lowest levels since May 7th, just barely edging out yesterday's marks.

			MMBSLIVE	<b>M</b> •				
INC PRO	<b>28</b> 5	0.0	TREAL THE CHART MANS	0 0 REAL TIME ON	www.transp			MES LIVE OWN
12.18				THE PARTY AND ADDRESS OF THE PARTY AND ADDRESS OF THE PARTY ADDRESS OF T	10 Y 10 10	1747 LON 140		COTON OF MAN
		No Change		1,8270 (s		1020 Oak 0	124 NECOSTANES - SEX	Distributions
Max 30 Year' / Fait			June Carl M THE THE DIS THE TOP THE	and the second se	Description of the two the the thirty that			The bar Dariel, i want
		101		tinte -				Anty Parls, Jug 1 11 and
								And Table 1
					a	18 Feat Swarp		The state family in sec.
fee 30 Teer				tinte and the second se	10 A - A - A	Cone 1,/100	1 A.	and not the test play?
	10.01		1 M A	6 C C C		High 1211		Anty Party Act and an
	105.44.10.00					Level 1,7458	100	Time storts playing a nin ber
40							100	The barrier of the second seco
Ref 20 Tes						-		Christopher Kirvensi, 117 -
	NO 36 -110					1 I I I		ar way down to 182
				And a local division of the local division o		- MAR /		Christianer Neveral 117 pr
						100		The loss had been the balance the balance
	1.004-017							Butthers Grahami and per
ries .		Yest	8.00 2	Can and a second se	tion in the second			10er stellte
								Batthew Graham + 11 an
	1003078 (101950)		LIVE NEWS STREAM	A Designed and the second seco			-	📲 107 to be only bage that
			Statute And and place Annual	Area Gheet DECENT	POST PROCE		0.0	Callant Deminerth 11/1
			MILLION CARDING	Def a land	Inclusion inclusion in constrainty		Pagetar'	are have named in state to
		CALLER FRAME	With Recipt David Markets Consoliding At-		and the later of the summaries	Repo	mapping.	The site part has to need the d

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



Watch the Video

#### **MBS Morning**

11:23 AM Lighter Calendar and Light Selling

3:48 PM

Econ Data / Events

- • New Home Sales
  - 623k vs 690k f'cast, 743k prev

#### **Market Movement Recap**

- 09:54 AM Flat overnight and modestly weaker just before the open. MBS down 3 ticks (.09) and 10yr up 2.9bps at 4.321
- 12:51 PM Decent rally ahead of 5yr Treasury auction. 10yr up only 1.3bps at 4.305. MBS down only 1 tick (.03).
- 01:43 PM No major response to 5yr auction. 10yr yields up 2bps at 4.312. MBS down 2 ticks (.06).
- 03:45 PM Best levels of the day with MBS up 2 ticks (.06) and 10yr down nearly 1bp at 4.284

#### Lock / Float Considerations

We expected the market to be increasingly receptive to any shift in tone from Powell in this week's testimonies and Tuesday didn't disappoint. Powell was arguably only slightly more dovish, but bonds were happy to trade accordingly. Wednesday's testimony is less consequential unless he reiterates near-term rate cut possibilities in a more forceful way. Apart from that yields are pushing a breakout of the bottom of their trading range which is typically a cue for the risk averse crowd to do what they do best. Risk tolerant types just have that much more room overhead to set stop-loss lock triggers. Just be sure you're moving those triggers down as the market rallies (i.e. a classic "trailing stop").

#### 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**



US Treasuries							
10 YR	4.291%	-0.001%					
2 YR	3.782%	-0.040%					
30 YR	4.835%	+0.012%					
5 YR	3.849%	-0.011%					

÷

+

÷

+

#### **MBS & Treasury Markets**

**Open Dashboard** 

Share This