MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: The Trend is Friendly For Now



Chip Harris President, Integrity Financial LLC M: (720) 323-3392

50 Spinning Leaf Trl Silverthorne CO 80498 Personal NMLS # 196231 Integrity NMLS #222260



INTEGRITY FINANCIAL

The Trend is Friendly For Now

MBS Recap Matthew Graham | 3:31 PM

A common financial market quip is that the "trend is your friend." We like to add the addendum: "until it's not anymore." All we can know for sure is that bonds have shifted from range-bound to trending lower in yield over the past 3-4 days and today was just another confirmation of that shift. What we can't know is when the next show of resistance will happen and whether that will merely be a speed bump before additional gains, or a sign to circle the wagons and get sideways again. Data wasn't necessarily a huge factor in today's improvement although it didn't hurt. Bonds have an underlying vigor for other reasons, as evidenced by a solid 7yr Treasury auction today, despite yields being at the lowest levels in more than a month. Today's video discusses some possible reasons for that.

MMBSLIVE				1 + ++++ 100.5 + MTINGS +					
THE PLAC	786	0.0	THEAL THE CHART MADE		e Owal wa			-	MELLINE OWN
11.10				Contraction of the local division of the loc		-			COLOR OF MAN
				177 TAX 15 VIA 44	Theory *				and the second se
	Page	A VIAMILATION	106.75 (0.00) (metric	ornint - macrower- 1,827	0 (-0.0010)				ERP Out The
Not 38 Year I was			June Carl 24 This first that the Tay This		Jose Day M THE THE SHE SHE THE THE			The bar Darris in an	
18.	102 14 12 17		These there is the two two two training	100.04	And the loss loss		1040		They still closed much lower 1
5.5	10108-00100								And Parks, Aug. 1. 1 and
6.0	10675-680				1		18 Feat Treasure		Con alter Barely Lines
the 10 Taxe			1.15	194.8		- A->-	1,00,000.00.00	PH 44.	Reite and the dist Res play?
		3944				<i>a</i>	Open: 1,7630 High: 1,7573		Antip Parts, All Colors
	10144-030			Prot. NAME 2 1			Level 1,7858	1412	21. There also be playing a rule for
48			1 U 00.0						The barrier of the second seco
We be have a set to be							-		Christopher Kirversi, 117 -
							1 A A	1	or way close to 1 M
	NOARS - LTN			And a little little			40%	1	Christianer Sevenal 117
			10 I I I I I I I I I I I I I I I I I I I						The first har here being 1.87 for
			the first of the second second second	the second se					Wathers Graham, 111 pr.
effetti .		Yest		2.50	-				There is a second of the second
			the second se						Batthew Graham + 11 pm
			LIVE NOWS STREAM						💐 102 hi is the arts logge that
			And and and include and includ	diam'd heat	R REPORT OF THE			00	Callert Denizert. 150 an
		14313 111100	Million Land		International Property	Tempile 7		of Franks	an han apport week to he

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



Watch the Video

Update

8:38 AM Generally Stronger Data, But Not Much of a Reaction

MBS Morning

10:25 AM Tons of Data, But Not a Ton of Movement

3:20 PM

Econ Data / Events

- • Jobless Claims
 - 236k vs 245k f'cast, 246k prev
 - Continued Claims
 - 1974k vs 1950k f'cast, 1937k prev
 - GDP
 - -0.5 vs -0.2 f'cast
 - Durable goods
 - 16.4 vs 8.5 f'cast, -6.6 prev
 - Durables ex defense/aircraft
 - 1.7 vs 0.1 f'cast, -1.3 prev

Market Movement Recap

- 08:39 AM Bonds have moved just a hair weaker in response with MBS back to unchanged after being up 2 ticks (.06) and 10yr back to unchanged after being down just over 1bp at 4.283.
- 09:16 AM Quick reversal back into positive territory. MBS up 4 ticks (.125) and 10yr down 2.4bps at 4.265
- 12:32 PM Best levels of the day ahead of 7yr auction. MBS up 7 ticks (.22) and 10yr down 2.4bps at 4.265
- 03:21 PM Best levels of the day with MBS up 9 ticks (.28) and 10yr yields down 3.6bps at 4.252

Lock / Float Considerations

Bonds have shifted from range-bound to trending lower in yield this week. Data is only partly able to explain the shift. The rest requires things like friendlier Fed comments and even regulatory changes that allow banks to hold more Treasuries. Even so, we suspect bonds are pricing in slightly weaker economic data ahead--something that will be very relevant next week given the typical early-month big ticket econ data (in condensed format due to the holiday). The longer the winning streak, the higher the odds of a bounce, but data will determine whether the bounce is a speed bump or intermediate turning point. CPI in 2 weeks is critically important as well.

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

30YR UMBS 5.5

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

30YR UMBS 6.0		+
30YR GNMA 5.5	+ +	
15YR UMBS-15 5.0		
	US Treasuries	
10 YR	4.252%	-0.037%
2 YR	3.715%	-0.070%
30 YR	4.814%	-0.024%
5 YR	3.801%	-0.046%

Open Dashboard

Share This