MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Steady Gains in the PM Hours



Paul E Smith Owner, Main Street Mortgage Company

www.texasmainstreet.com P: (713) 528-1245 M: (713) 480-7385

3100 Richmond Ave Houston TX 77098 MSMC NMLS 296814 Paul E Smith NMLS 193580



Steady Gains in the PM Hours

MBS Recap Matthew Graham | 4:44 PM

It's common to see the effects of month/quarter-end trading most prominently in the PM hours and today's quarter-end session was no exception. A glut of bond buying just after 12:30pm got the part started and yields bottomed out just before the 4pm NYSE close. While 4pm is a time that's associated with stocks, it has come to be the larger of the two closing bells for the bond market on month/quarter-end days for a variety of reasons (de-emphasis of CME pit over the years, increased prevalence of ETF trading, large portfolio rebalancing that involves both stock/bond ETFs, thus arguing for one unified closing mark time). From here, econ data should take the wheel although it's always possible to see some new-month positions have an impact on the first day of a new month.

| | | | | ikine a filike menerati ki kina | | | |
|-----------------|------------|-------------------------|---|--|-----------------------------|-----------------------------|--|
| | | | MMBSLIV | '∈ | M | 100.5 • NETINGS • 📗 GLOWENC | |
| INC PROP | 6 | 0.0 | HEAL THE CHART MAN | 0.0 | REAL TIME COURT (40) | | MES LIVE OWN |
| 12.18 | | | DEVELOPMENT TO THE OWNER | 104258 1.000 miles 106,07 106,05 106,06 | 10 Year Treasury * | | COLOR OF MAR |
| | Pere | No-Change B TOAM LOT | | NET OFFICIAL + MARCEONAT + | 1.8270 (-0.0010) | KANN KANN KANN KANN | Gran Chatman |
| the latitude | | | Junction In the law har says | No. Inc. | International International | NAME AND POST OFFICE | the barrier of the second |
| | NO MARKET | | These that the case has been and | 10.04 | Toron Own 10 THE THE | Dec Net (19/134) | They still chosed much lower 1 |
| 55 | 10108-0101 | | | | | | And Parks, March 199 |
| 40 | | | | | | 18 Test December | CON PARTY Davade 1 to you |
| the (i) Taxes - | | | 1.1.1 | 194.00 | | 100105 12 30% | aftat som die Rey play? |
| | | 1944 | 1146 | | LACK. | Open 12810 High 12811 | Anty Parts, AU L Mark |
| | 10144-0.00 | | haffihrun, 1 100 | A A A A A A A A A A A A A A A A A A A | | 100 1,7000 | 21. Case starts playing a rule for |
| | | | 1 II 10 10 10 10 10 10 10 10 10 10 10 10 10 | | | Our Title | The for the state of the second secon |
| Rep 20 Team | | | | | | | Christopher Einverse + 17 p |
| | | | | | | | or very close to 1.82 |
| | | | | | | Current Contraction | Contraction Streement and |
| | | | 0 | | | 1000 | The loss has been being 1.82 for |
| | | | the state of state of the state of the | 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | | | Bathew Grahami a Huper |
| des. | Pros | Yes | 2.54 | 21.000 | | | item for mentioned that a b |

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



Watch the Video

MBS Morning

10:14 AM Slow, Sideways Start, But Month-End Volatility Always a Possibility

3:41 PM

Econ Data / Events

- • Chicago PMI
 - 40.4 vs 43.0 f'cast, 40.5 prev

Market Movement Recap

- 09:12 AM Modestly stronger overnight with gains at the start of EU trading. MBS up 2 ticks (.06) and 10yr down 1.7bps at 4.264
- 11:49 AM Very calm still. MBS up 1 tick (.03) and 10yr down 1.8bps at 4.263
- 01:28 PM Month-end buying picking up a bit. 10yr down 4.8bps at 4.234. MBS up an eighth.
- 04:33 PM Strong month-end move into the close. MBS up almost a quarter point and 10yr down 4.8bps at 4.233

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. Either way, weaker data (and the expectation of more to come) is likely part of the equation. That will be very important in the coming days and especially with the jobs report on Thursday. Next week's CPI 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
 - **3.99**
 - · 4.05
 - **4.12**
 - **4.19**
 - **4.34**
 - **4.40**



MBS & Treasury Markets

MBS

| mbb | | | | | |
|------------------|---|--|--|--|--|
| 30YR UMBS 5.5 | + | | | | |
| 30YR UMBS 6.0 | + | | | | |
| 30YR GNMA 5.5 | + | | | | |
| 15YR UMBS-15 5.0 | + | | | | |
| | | | | | |

| US Treasuries | | | | |
|---------------|--------|---------|--|--|
| 10 YR | 4.231% | -0.050% | | |
| 2 YR | 3.727% | -0.023% | | |
| 30 YR | 4.779% | -0.052% | | |
| 5 YR | 3.801% | -0.034% | | |

Open Dashboard

Share This