Daily Coverage. Industry Leading Perspective.

## MBS Recap: Big Market Reaction but Mortgages Outperform



Drew Stiegemeier Mortgage Banker, Frontier Mortgage frontierhomemortgage.com/drew P: (636) 898-0888 M: (618) 779-7507 1406168



# Big Market Reaction but Mortgages Outperform

MBS Recap Matthew Graham | 3:25 PM

Today's jobs report would have been bad for rates if it was even in line with expectations. After it came out stronger than expected (especially in terms of the unemployment rate at 4.1 vs 4.3 f'cast), it was off to the races for bond sellers. The short end of the yield curve has the most in common with Fed rate expectations, so it took the most damage, but MBS fared far better. Perhaps that has something to do with the government not issuing MBS to fund the just-passed spending bill or perhaps it is a nod to next week's uncertain levels of demand for the scheduled Treasury auctions. Either way, we won't complain. Friday is closed for the holiday, and next week may as well be a holiday because everyone's waiting for July 15th CPI.

	MMBSLIVE	🖬 *	
THE PIECHS 0.0	THEAL THE CHART MAINS 0 0	(HEAL THE CHART (KD)	MES LIVE OWN
4.44	STATE FINAL & B. P. P. State and and	to feel feetung . Pick office upon min	CONTRACT OF THE
Pros Britantill -	106.75 (0.00) 101/1 101/1 101/1 101/1 101/1 101/1	1.8270 (-0.0010) Line Line Line Line Line	Gen Out The
Ref 18 Year / Fait	Just Case 24 THE THE THE WAY THE THE THE	Description In The Name and The Tage Tage	State Barela 1
14 NO 14 11 11 10 10 10 10 10 10 10 10 10 10 10	From that are the time the time that the	Zoose Chart A DECTOR DAR BAR THE THE	They shill proved much lower
55 NOT 00 10 10 10 10 10 10 10 10 10 10 10 10			Andy Parks, dog 1.1 and
10 10675-630 630		18 feet feering	The state bank income
Rea (8 Team - Team	10.00	100/1512.30m	and som the key play?
		See 178	Anty Parts, Act of the
15 10544-030 405		CALL NO. GALLING	21 rand shorts playing a role is
48 98729 (14) (440)		Gui, 1288	The tay Barrier apple boat or part
Was 30 Tear / Fee			In the state of the second state
58 NO 16 NO 16 NO			The service does to 182
15 10480 (17) TYP			Christigher Viewensi 117
4.0 106.75 -0.00 4.07			The ballog beau 1.42 to
	the first is the state state in		Bathere Grahami is in pro
rias Pica Yest	The second se	the state of the s	10yr paties
100,2109 (-0.000) 0.5150 (-0.000)	CLINE MAN STREAM		Mathew Graham ( + 11 pr.
1000078 (-01000) 88723 (00007)		financial reas	10 hi a be arts inge be
100 0000 (01010) 13000 (01010) 100 0000 (01010) 14000 (01000)	Aller And articles   test   Aller Gloss	A CONTRACTOR AND A CONT	Giftert Denisertit 110 pm
a 100,000 calores 1,000 calores	METCH LEVE	Did a londer gelf lower a reprise? Readfractor	The rists Dank the pr
CONTRACTORY AND A STATE	WES Recap. Devi Warkers Consolders Aller, MUCHC	Reprint of the second	The alle just has to meet the
an off a line state of the lin	Award the trees is 1700. The COT's Derecks Days Tens Will Europe Take / Providence 17	Pagette Burnary	is measured by value Gene exceed 50% of the loter mar
an pring provided in parliancing with Thomason Readows		the test	The little balance in the
nen ar fute e fan fan ô	CTITUL Centry on Financial Education	Teday 0 7 View Q	The second is the careful above accessed through
MICCULINGAR 0	Construction of the state of th		The for Darris 1 to an

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



Watch the Video

#### Alert

#### 8:33 AM Bonds Selling Off After Stronger NFP

**MBS Morning** 

10:23 AM Jobs Report Comes in Stronger. Bonds React Logically

3:14 PM

## Econ Data / Events

- Nonfarm Payrolls
  - 147k vs 110k f'cast, 139k prev
  - Unemployment rate
    - 4.1 vs 4.3 f'cast, 4.2 prev
  - ISM Services
    - 50.8 vs 50.5 f'cast, 49.9 prev
    - prices: 67.5 vs 67.7 prev
    - employment: 47.2 vs 50.7 prev

## **Market Movement Recap**

- 09:14 AM Sharply weaker after jobs data, but recovering somewhat. MBS down an eighth of a point and 10yr up 5bps at 4.33
- 02:24 PM Very flat after AM sell-off, and now closed for the day. MBS down 6 ticks (.19) and 10yr up 6.7bps at 4.347

## Lock / Float Considerations

Asymmetric risk was the right call heading into Thursday's jobs report. It didn't take a big beat to prompt a big sell-off. 10yr yields of 4.34% are right in line with the lower end of the range that was in place until June 24th. This may lessen the urge of the market to follow through on Monday, but follow-through is always a risk after a big NFP-driven move. All that having been said, the coming week is

more of a placeholder ahead of the July 15th CPI data. From a pure strategy standpoint, the fact that rates didn't rise any more than they did on jobs report day presents a compelling lock opportunity for both risk tolerant and risk averse clients (something we almost never say).

## 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**



10 YR	4.347%	+0.067%
2 YR	3.883%	+0.095%
30 YR	4.863%	+0.055%

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

Open Dashboard

Share This