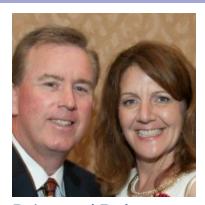
MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Big Market Reaction but Mortgages Outperform



Brian and Debra Brady Residential and Commercial Real Estate FInance, Homeplus Mortgage

BradyMortgage.com P: (858) 699-4590 M: (727) 275-0104

San Diego, CA Tampa FL 33602 NMLS 339261 NMLS 2415712



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.

				alay a father and a survey of the		-				
			MMBS	SLIVE	101 -				G.CNA 8152	
Incident	6	0.0	BEAL THE CHART MANE		REAL TIME ON	ekt (KD)				MES UNE OWN
12.18			STREEMAN &	PROF 0705 Line mile 104.75 104.77 104.75 104.88	10 Year Trees	wy +		Mark Line	-	COTON OF MAN
	Pro	a visation and	106.75 (0.00)	CHART OFTIGHT - BEACT CHART -	1.8270 (-				COMPLEXIBLE INC.	Gran Chat Plane
Not 10 Year			Junction IN THE THE	THE REPORT OF	Inter Oat	-	-	1997		The bar Dariely in the second barrier 1
58 55	10108-000	10		18.M						Andy Parls, dr
44						1		18 Fear Treas		The state for the state of the second
fee)0 Tear 10	HS M COL	144	1 Calif		1 4 7	2.5	, 1 martin	Open: 1,7636		Antip Tarlo, A
15	10144-030		and the second second	104.04				High: 1,7823	W	Tant studt playing a nim ber
40			- U. (a)					One 1710		The barter Darter of Contract
No. 10 Test						_			-	an Igare, apple beat of early
						_		1.00	(f)	ar way down in 182

© 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

	US Treasuries			
10 YR	4.347%	+0.067%		
2 YR	3.883%	+0.095%		
30 YR	4.863%	+0.055%		
5 YR	3.937%	+0.070%		

Open Dashboard

Share This