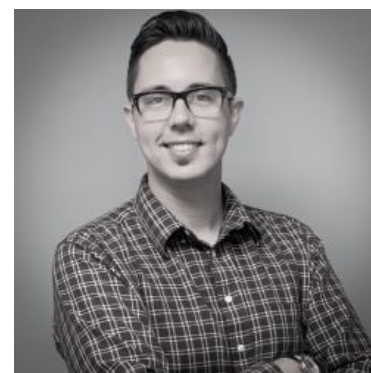


# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Correction Starting to Level Off?



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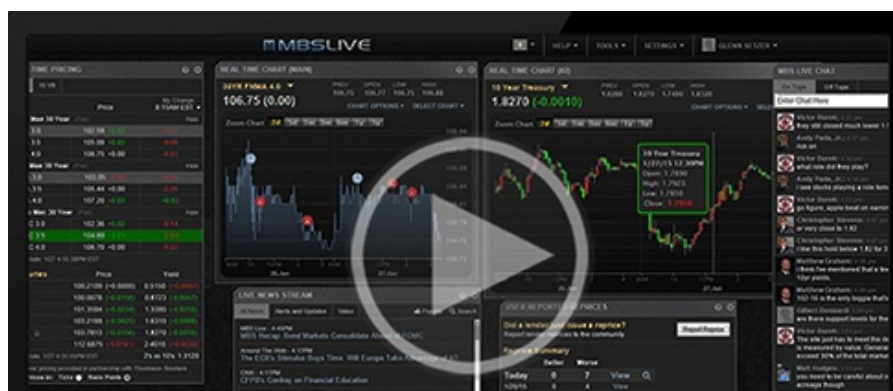
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## Correction Starting to Level Off?

MBS Recap | Matthew Graham | 3:43 PM

Even though very little changed during the course of the trading day, one potentially important thing happened. Rather than start weaker and continue to lose ground throughout the session, bonds managed to stop the bleeding early and then push back toward unchanged levels by the end of the day. This is the kind of thing typically seen when a corrective trend is running out of steam in the short term. While this doesn't make the bond market immune from another motivation to sell, it suggests that the market is now open to suggestion from either bulls or bears, and that's an upgrade from the selling bias seen on Monday.





Watch the Video

## MBS Morning

11:26 AM Heads: They Win. Tails: You Lose

3:36 PM

## Market Movement Recap

- 10:04 AM Moderately weaker overnight with some additional selling early. MBS down an eighth and 10yr up 3.8bps at 4.419
- 01:36 PM sideways all day. MBS still down an eighth and 10yr up 2.1bps at 3.877
- 03:33 PM Very slight recovery, but very low volatility. MBS down 3 ticks (.09) and 10yr up 1.3bps at 3.869

## Lock / Float Considerations

- Follow-through is always a risk when a strong jobs report pushes back against a prevailing rally trend. That's what we saw at the start of the new week, but not in any extreme sense. Bonds are behaving fairly logically here. Unfortunately, there's not much on the calendar to fuel additional logical cause/effect. Bigger risks await with next week's data. The present week is more of a placeholder. The recent end of a rally trend would have us feeling a bit more defensive until this correction has clearly run its course.

## Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - o 4.64
  - o 4.48
- Floor/Resistance
  - o 3.99
  - o 4.05
  - o 4.12
  - o 4.19
  - o 4.24

○ 4.34  
○ 4.40

## MBS & Treasury Markets



### MBS

30YR UMBS 5.5  
30YR UMBS 6.0  
30YR GNMA 5.5  
15YR UMBS-15 5.0

### US Treasuries

10 YR	4.412%	+0.030%
2 YR	3.903%	+0.004%
30 YR	4.938%	+0.022%
5 YR	3.983%	+0.025%

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