

MBS & TREASURY MARKETS

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MBS Recap: Uneventful Resilience



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Uneventful Resilience

MBS Recap | Matthew Graham | 4:25 PM

Monday's theme for the bond market was one of moderate resilience--at least for the longer-end of the yield curve. Yields are lower across the board (less so for shorter-term notes like the 2yr) without any headline or data-based motivations. On days like this, motivation is assumed to come from **technicals** and trading taking place in other markets for other reasons. With earnings season in full swing, it's no surprise to see 9:30am and 4pm garner most of the days volume and volatility.f





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MBS Morning

11:46 AM Stronger Start on Another Quiet Calendar Week

Alert

3:38 PM MBS Down an Eighth From Highs

4:08 PM

Econ Data / Events

- ○ Leading Indicators
 - -0.3 vs -0.2 f'cast, 0.0 prev

Market Movement Recap

- 10:35 AM stronger overnight and holding gains so far. MBS up 6 ticks (.19) and 10yr down 6.3bps at 4.357
- 02:01 PM still sideways at stronger levels. MBS up 6 ticks (.19) and 10yr down 5.7bps at 4.363
- 03:44 PM Off the best levels but still stronger on the day. MBS up an eighth and 10yr down 5.1bps at 4.369

Lock / Float Considerations

- Bonds continue recovering from last week's CPI-related selling with Monday marking the 4th day in a row of modest-to-moderate gains. There's no special reason to expect this momentum will continue. Rather, it's more likely to level off ahead of next week's more active slate of big ticket econ data. One wild card for this week for better or worse: earnings season in stocks could spill over into bond market volatility.

Technical/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 4.34
 - o 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	4.379%	-0.041%
2 YR	3.859%	-0.011%
30 YR	4.946%	-0.038%
5 YR	3.916%	-0.030%

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