

MBS & TREASURY MARKETS

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MBS Recap: Reasonably Resilient After Data-Driven Selling



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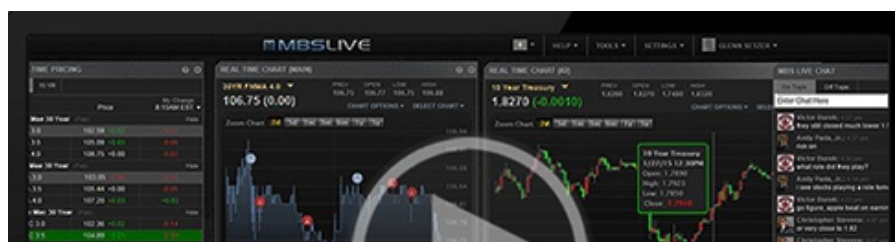
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Reasonably Resilient After Data-Driven Selling

MBS Recap | Matthew Graham | 5:18 PM

This morning's Jobless Claims report was the week's most relevant economic report apart from the S&P PMI data that came out just over an hour later. As it happened, Claims garnered the only obvious response, pushing yields slightly higher in addition to the modest weakness seen in the overnight session. Bonds were able to push back in a friendlier direction at the 9:30am NYSE open--something they've done on 3 out of 4 days this week. It wasn't quite enough to turn a red day green, but with MBS ending down only 2 ticks (.06), some might say it was close enough for government work.





[Watch the Video](#)

MBS Morning

8:47 AM Some Selling Before and After Jobless Claims

3:55 PM

Econ Data / Events

- ○ Jobless Claims
 - 217k vs 227k f'cast, 221k prev
- Continued Claims
 - 1955k vs 1960k f'cast, 1951k prev
- S&P Manufacturing PMI
 - 49.5 vs 52.6 f'cast, 52.0 prev
- S&P Services PMI
 - 55.2 vs 53.0 f'cast, 52.9 prev
- New Home Sales
 - 627k vs 650k f'cast, 623k prev

Market Movement Recap

- 09:16 AM Some selling before and after jobless claims. MBS down 7 ticks (.23) and 10yr up 5.3bps at 4.438
- 10:09 AM decent recovery at 9:30am NYSE open and no major reaction to S&P PMI data. MBS down an eighth and 10yr up 2.7bps at 4.411
- 01:01 PM MBS down only 2 ticks (.06) and 10yr up 1.9bps at 4.403
- 03:39 PM Fading a bit now. MBS down 5 ticks (.16) and 10yr up 3.3bps at 4.417

Lock / Float Considerations

- After 2 days of selling, bonds increasingly look like they're settling into a narrow, inconsequential range trade ahead of the upcoming week that's chock full of big ticket events and potential market movers. From a lock/float risk/reward standpoint, that's really when things get interesting.

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 4.34
 - 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

US TREASURIES

10 YR	4.399%	+0.016%
2 YR	3.916%	+0.038%
30 YR	4.938%	-0.001%
5 YR	3.958%	+0.028%

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