

MBS & TREASURY MARKETS

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MBS Recap: Bonds Brace For Stormier Weather After This Week's Smooth Sailing

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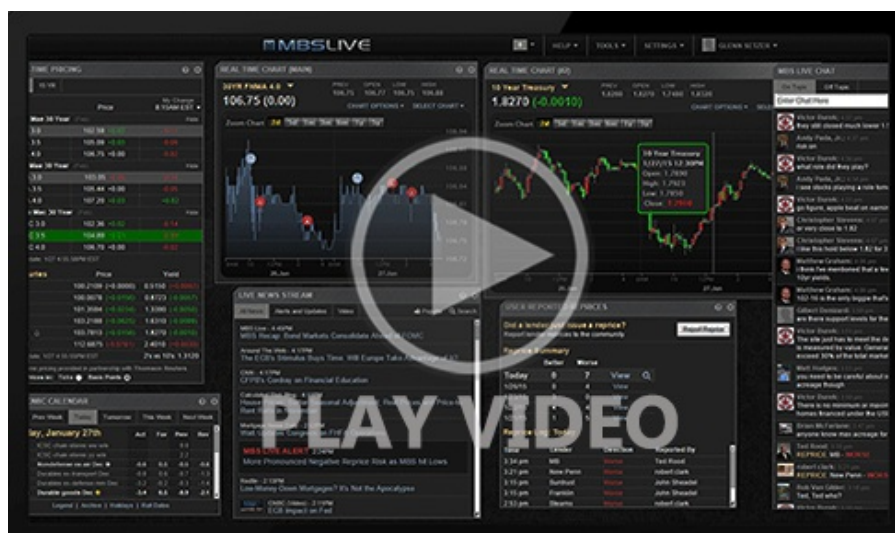
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Bonds Brace For Stormier Weather After This Week's Smooth Sailing

MBS Recap | Matthew Graham | 4:47 PM

Despite a few inconsequential ups and downs, bonds ultimately traded with forgettable, sideways momentum this week. Friday did nothing to change that--especially after mid-day gains courtesy of optimism surrounding over-the-weekend trade talks between the U.S. and the EU. The gains corresponded with the news headlines about the U.S./EU meeting and bonds held steadily sideways after that. The incoming week is completely different in terms of calendar-based volatility potential. There are relevant events on every single day culminating with "peak relevance" in the form of Friday's big jobs report.



Watch the Video

MBS Morning

12:04 PM Trade Headlines Trump Durable Goods Data, But Minimal Change Either Way

4:35 PM

Econ Data / Events

- ○ Durable Goods
 - -9.3 vs -10.8 f'cast, 16.5 prev
- Core Durable Goods
 - -0.7 vs +0.2 f'cast, 2.0 prev

Market Movement Recap

- 10:48 AM Moderately weaker overnight and sideways to slightly stronger in the first few hours. MBS only down 1 tick (.03) and 10yr up 1.1bps at 4.409
- 01:31 PM Solid gains starting just after noon E.T. on US/EU trade talks set for Sunday. MBS now unchanged and 10yr down 1.4bps at 4.383
- 04:34 PM Mostly holding gains into the close. MBS up 1 tick (.03) and 10yr down 1.1bps at 4.387

Lock / Float Considerations

- 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. Monday is the lightest in terms of scheduled events. Friday carries the biggest risks (jobs report).

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



MBS

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

US Treasuries

| | | |
|-------|--------|---------|
| 10 YR | 4.385% | -0.013% |
| 2 YR | 3.921% | -0.002% |
| 30 YR | 4.926% | -0.013% |
| 5 YR | 3.953% | -0.008% |

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