

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

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



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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

- ○ 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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