

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Calm Day to End A Calm Week



Donna Lewis

Branch Manager | SVP
Mortgage Lending, Rate

www.rate.com/teamslo

P: (805) 335-8743

M: (805) 235-0463

1065 Higuera Street, Suite 100
San Luis Obispo CA 93401
245945



Calm Day to End A Calm Week

MBS Recap | Matthew Graham | 4:20 PM

While Friday itself may not have resulted in a rally for the broader bond market, it was nonetheless just as calm as any other day this week in terms of volatility. That's a bit more impressive considering it was the only day with big-ticket econ data. Overall, the week was marked by slow, steady gains for no particular reason. With that, the entirety of August, post-jobs-report did exactly what it was supposed to do. Specifically, it held a narrow enough range to avoid challenging the range set by the last jobs report day. The upcoming week--while shorter than normal due to the Labor Day holiday--is infinitely more capable of producing bond market volatility. Even the supporting actors are arguably heavy hitters in terms of econ data. Friday's jobs report speaks for itself. Bottom line: additional labor market weakness could easily help bonds break new ground at lower yields while unexpected resilience could firmly reinforce recent floors.





Watch the Video

Update

8:33 AM PCE Right In Line With Expectations

MBS Morning

11:43 AM PCE Inflation Offers No Surprises

3:05 PM

Econ Data / Events

- ○ Core PCE (m/m) (Jul)
 - 0.3% vs 0.3% f'cast, 0.3% prev
- Core PCE Inflation (y/y) (Jul)
 - 2.9% vs 2.9% f'cast, 2.8% prev
- Inflation-Adjusted Spending (Consumption) (Jul)
 - 0.5% vs 0.5% f'cast, 0.3% prev
- Personal Income (Jul)
 - 0.4% vs 0.4% f'cast, 0.3% prev
- Wholesale inventories mm (Jul)
 - 0.2% vs 0.2% f'cast, 0.1% prev
- Chicago PMI (Aug)
 - 41.5 vs 46 f'cast, 47.1 prev
- Consumer Sentiment (Aug)
 - 58.2 vs 58.6 f'cast, 61.7 prev
- Sentiment: 1y Inflation (Aug)
 - 4.8% vs 4.9% f'cast, 4.5% prev
- Sentiment: 5y Inflation (Aug)
 - 3.5% vs 3.9% f'cast, 3.4% prev

Market Movement Recap

- 08:34 AM Minimal movement after PCE data. MBS are down 2 ticks (.06) and 10yr yields are up 1.4bps at 4.22.
- 01:03 PM Slightly stronger heading into PM. MBS down only 1 tick (.03) and 10yr up 1.9bps at 4.224

Lock / Float Considerations

- With rates hitting 10-month lows 4 times this week, risk-averse clients are still in lock mode. Risk-tolerant clients have enjoyed a very narrow rate range in August, but they should be aware that the coming week is all but guaranteed to see a much wider range, for better or worse.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.64
 - o 4.48
 - o 4.40
 - o 4.34
 - o 4.28
- Floor/Resistance
 - o 3.99
 - o 4.05
 - o 4.12
 - o 4.19

MBS & Treasury Markets



28.Aug

29.Aug

■ 30YR UMBS 5.5 3 Month

■ 10 Year Treasury

MBS

30YR UMBS 5.5

30YR UMBS 6.0

30YR GNMA 5.5

15YR UMBS-15 5.0

+

US Treasuries

10 YR

4.229%

+0.024%

2 YR

3.619%

-0.010%

30 YR

4.926%

+0.051%

5 YR

3.696%

+0.007%

Open Dashboard

Share This