

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Still in The Range as Bonds Wait For Bigger Influences



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- 53.0 vs 53.3 f'cast, 49.8 prev
- Construction spending (Jul)
 - -0.1% vs -0.1% f'cast, -0.4% prev
- ISM Manufacturing Employment (Aug)
 - 43.8 vs -- f'cast, 43.4 prev
- ISM Manufacturing PMI (Aug)
 - 48.7 vs 49 f'cast, 48.0 prev
- ISM Mfg Prices Paid (Aug)
 - 63.7 vs 65.3 f'cast, 64.8 prev

Market Movement Recap

- 10:20 AM sharply weaker overnight. Some traction even before the ISM data, but a bit more now. 10yr still up 3.4bps at 4.263 but down from highs just over 4.30% earlier. MBS down only an eighth after starting out down a quarter point.
- 12:03 PM 10yr up 5bps at 4.279. MBS down 6 ticks (.19)
- 03:07 PM Flat in the PM. MBS down 6 ticks (.19) and 10yr up 5.2bps at 4.282

Lock / Float Considerations

- Rates reinforced the prevailing trading range with a moderate sell-off to start the new week. Had this move been a rally instead, it would have been more interesting from a lock/float strategy standpoint. As it stands, we're in the same position as last week: waiting for a convincing breakout attempt in either direction. The only difference this week is that a breakout is much more possible due to high profile economic data culminating in Friday's big jobs report.

Technicals/Trends in 10yr (why 10yr)

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

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	4.272%	+0.043%
2 YR	3.645%	+0.029%
30 YR	4.970%	+0.043%
5 YR	3.734%	+0.038%

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