MBS & TREASURY MARKETS
Daily Coverage. Industry Leading Perspective.

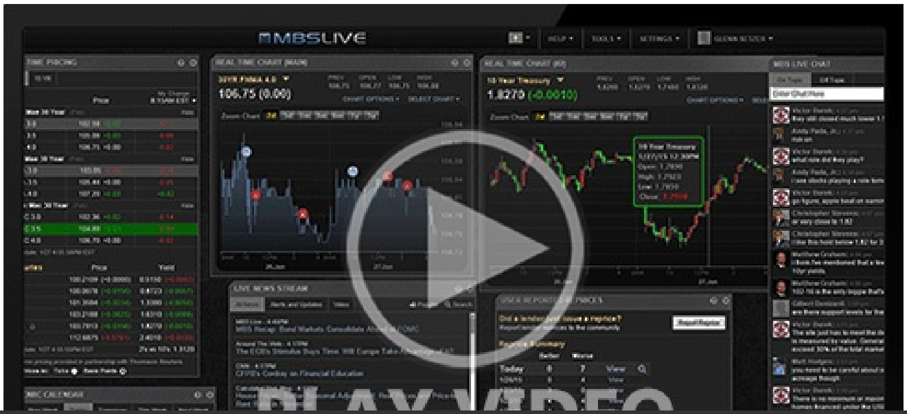
MBS Recap: Post-NFP Rally Momentum Fades

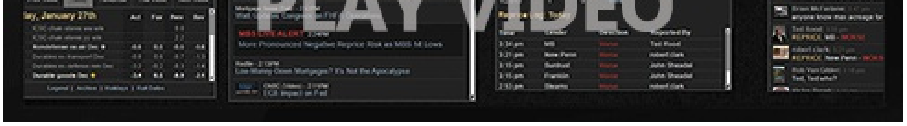
Brian Borchard
Managing Director
National Sales & Recruiting, 1st 2nd Mortgage Company of NJ, Inc.
P: (201) 681-9785
M: (201) 681-9785
50 Spring St.
Cresskill NEW JERSEY 07626
91047

Post-NFP Rally Momentum Fades

MBS Recap Matthew Graham | 4:03 PM

When bonds string together several successive days of improvement, the probability of a corrective bounce increases. This is especially true as the rally covers more ground and more time. With 10yr yields dropping nearly 30bps over 4 consecutive sessions, a corrective bounce was a relevant concern, and it arrived today. That said, it was also fairly mild as far as corrective bounces go. On a separate note, many market watchers are confused as to why bonds would lose ground despite a historically large preliminary NFP benchmark revision (released this morning). But this revision pertains to the March 2024 through March 2025 time frame. Not only is that irrelevant to present day market movement, it also fell within most analyst's range of expectations.





Watch the Video

MBS Morning

10:31 AM These Aren't The NFP Revisions You're Looking For

Alert

11:10 AM Weakest Levels; MBS Down an Eighth

3:34 PM

Alert

3:53 PM New Lows. More Reprice Risk

Econon Data / Events

- - Annual NFP Revision Estimate (March 2024-March 2025)
    - -911k vs -818k prev

Market Movement Recap

10:05 AM No real reaction to NFP revision estimates. Modest overnight weakness remains. MBS down an eighth and 10yr up 2.4bps at 4.063

10:41 AM A bit more weakness in Treasuries with 10yr up 3.7bps at 4.077. MBS down an eighth.

02:11 PM Recovering slightly after 3yr auction. 10yr up 2.7bps at 4.066 and MBS down 3 ticks (.09).

04:02 PM Weakest levels. MBS down 6 ticks (.19) and 10yr up 4.2bps at 4.081

Lock / Float Considerations

- Tuesday's bounce toward slightly higher rates may warrant some defensiveness among those who'd previously been letting it ride, but we continue to view this week's inflation data is the next relevant source of potential volatility. If inflation falls short of forecasts by more than an incidental amount, it could easily facilitate more long-term lows for rates. Conversely, higher inflation would likely add to Tuesday's corrective impulse, but it would have to be MUCH higher to unwind more than a modest

Tuesday's corrective impulse, but it would have to be MUCH higher to unwind more than a modest amount of the post-NFP gains.

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
  - 4.19

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	4.083%	+0.043%
2 YR	3.550%	+0.063%
30 YR	4.726%	+0.036%
5 YR	3.609%	+0.047%

Open Dashboard

Share This