

# MBS & TREASURY MARKETS

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## MBS Recap: Quiet Friday Ahead of Highly Uncertain Week



**John "Demo" Lender**

VP of Lending, Demo Mortgage Co.

[mbslive.net](http://mbslive.net)

**P:** (704) 555-1212

**M:** (407) 555-1234

10014 Normal Blvd.  
Charlotte NC 28044

NMLS: 123456



## Quiet Friday Ahead of Highly Uncertain Week

MBS Recap | Matthew Graham | 4:55 PM

Friday brought a quiet end to a quiet week. Yes, yields drifted slightly higher, but not in an overly threatening way, and 10yr yield yields managed to hold below the 4.19% technical level. Today's PCE data was right in line with forecasts and did nothing to inform bond market momentum. The incoming week is far more interesting at this point. Markets are hungry for a jobs report that may be severely delayed depending on the presence and duration of a government shutdown. We'll know much more by 12:01AM on Wednesday morning.





Watch the Video

## MBS Morning

10:36 AM Minimal Reaction to PCE Data

4:06 PM

## Econ Data / Events

- ○ Supercore PCE
  - 0.33 vs 0.32 prev
- Core PCE (m/m) (Aug)
  - 0.227% vs 0.2% f'cast, 0.3% prev
- Core PCE Inflation (y/y) (Aug)
  - 2.9% vs 2.9% f'cast, 2.9% prev
- Inflation-Adjusted Spending (Consumption) (Aug)
  - 0.6% vs 0.5% f'cast, 0.5% prev
- Personal Income (Aug)
  - 0.4% vs 0.3% f'cast, 0.4% prev

## Market Movement Recap

- 09:21 AM Little-changed after PCE data. MBS unchanged and 10yr up 0.6bps at 4.17
- 10:36 AM Weaker at 9:20am but bouncing back now. MBS unchanged and 10yr up 0.6bps at 4.17
- 02:04 PM Sideways near weaker levels. MBS down 1 tick (.03) and 10yr up 2.2bps at 4.186

## Lock / Float Considerations

- The outgoing week proved to be as uneventful as the incoming week is uncertain. Risk/reward will depend entirely on whether a shutdown happens--not because the shutdown moves rates, but because it prevents the release of the jobs report

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## Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.48
  - 4.40
  - 4.34
  - 4.28
  - 4.19
- Floor/Resistance
  - 3.89
  - 3.99
  - 4.05
  - 4.12

## MBS & Treasury Markets



### MBS

30YR UMBES 5.0	
30YR UMBES 5.5	+
30YR GNMA 5.0	+
15YR UMBES-15 5.0	

### US Treasuries

10 YR	4.177%	+0.013%
2 YR	3.643%	-0.004%
30 YR	4.748%	-0.004%
5 YR	3.766%	+0.009%

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