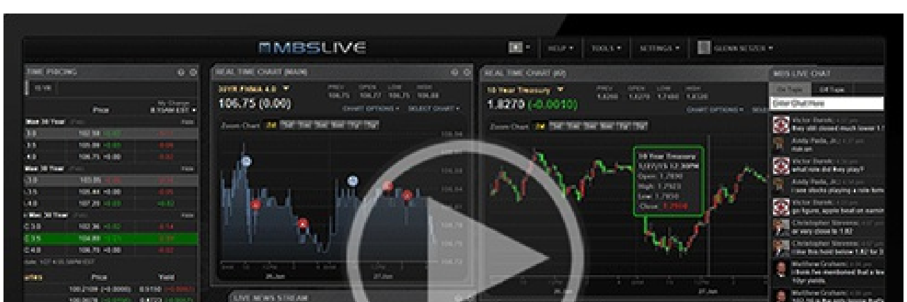
MBS Recap: Uneventful Day; MBS Underperform

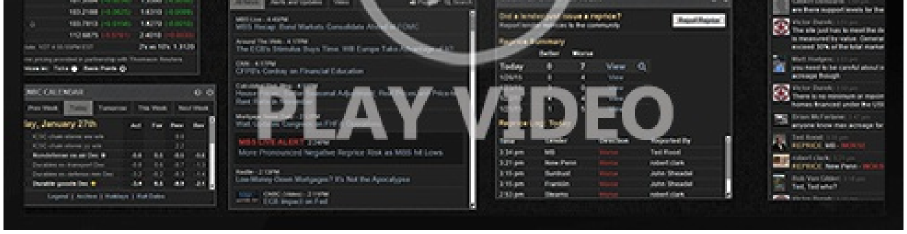
Ozzie Rabinowitz
Branch Manager/Senior Loan Specialist, American Financial Network
www.afncorp.com/ozzierabinowitz
P: (732) 961-2802
M: (561) 710-6550
orabinowitz@afncorp.com
FL
NMLS: 19754

Uneventful Day; MBS Underperform

MBS Recap Matthew Graham | 4:04 PM

It's not uncommon to see MBS outperform their Treasury benchmarks in the run up to a round of weekly Treasury auctions only to underperform when the auction cycle wraps up. That underperformance (or rather, Treasury outperformance) was on full display today with MBS losing about a quarter point while 5yr notes lost about half as much. While bonds are slightly closer to the weaker end of the recent range, they're still very much inside it.





Watch the Video

MBS Morning

9:17 AM In-Range Weakness For No Particular Reason

Alert

2:30 PM Weakest Levels; Some Reprice Risk

3:50 PM

Market Movement Recap

09:25 AM Moderately weaker so far with 5.0 coupons down 6 ticks (.19) and 10yr yields up 2.6bps at 4.143

11:45 AM flat since last update. MBS down 6 ticks (.19) and 10yr up 1.9bps at 4.136

01:04 PM Slightly weaker bond auction = slightly weaker response. MBS down 7 ticks (.22) and 10yr up 2.9bps at 4.146

Lock / Float Considerations

- Risk/reward surrounding the lock/float decision remains muted during the government shutdown. The risk tolerant crowd is still waiting to see when the jobs report comes out after the government shutdown (as long as bonds don't lose too much ground between now and then).

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 UMBS 5.0		
30YR UMBS 5.5		
30YR GNMA 5.0		
15YR UMBS-15 5.0		

US Treasuries

10 YR	4.143%	+0.026%
2 YR	3.597%	+0.015%
30 YR	4.728%	+0.018%
5 YR	3.739%	+0.021%

Open Dashboard

Share This