

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Yields Hug Multi-Week Lows After Powell Speech



Jeffrey Chalmers

Senior Loan Officer,
Movement Mortgage
Licensed: CA, FL, MA, ME,
NH, VT

ClicknFinance.com

M: (774) 291-6527

99 Rosewood Dr, Suite 270
Danvers MA 01923

NMLS #76803

NMLS #39179



Ashley Gendreau

Buyer & Listing Expert,
LAER Realty Partners

www.AshleyGendreau.com

P: (603) 685-4495

M: (603) 361-0561

agendreau@laerrealty.com

173 Chelmsford Street
Chelmsford MA 01824

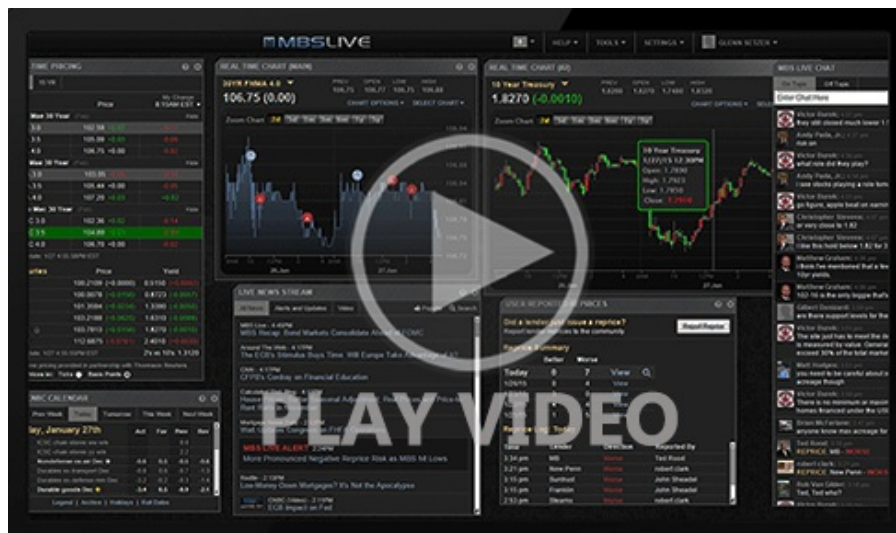
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Yields Hug Multi-Week Lows After Powell Speech

MBS Recap | Matthew Graham | 5:43 PM

Bonds were remarkably resilient over the extended weekend given the moderate rebound in the stock market. As of Friday afternoon, yields and stocks swooned together in response to trade war escalation with China. Stocks recovered half those losses by 3pm, but were unchanged to slightly stronger. The morning hours suggested a modest sell-off, but buyers returned after Powell's speech. He didn't say anything that was obviously worth a rally, so perhaps it was the absence of hawkishness that helped.



[Watch the Video](#)

MBS Morning

9:59 AM One Of The Few Times We Can Say "Strong Red Start"

5:14 PM

Market Movement Recap

- 09:38 AM Losing some ground after stronger open. MBS down 1 tick (.03) and 10yr up 0.2bps at 4.036.
- 01:11 PM Slightly stronger after Powell speech. MBS up 3 ticks (.09) and 10yr down 0.2bps at 4.031
- 05:10 PM Little choppy at the close with MBS up 2 ticks (.09) and 10yr yields down 0.4bps at 4.029

Lock / Float Considerations

- With Tuesday showing bonds able to hold last week's volatile gains, the risk/reward level is more muted in the new week. Data will be light due to the shutdown. The biggest risk come from unscheduled, unexpected headline shocks (as seen last Friday). With rates at multi-week lows, risk-averse clients remain in lock mode. Risk-tolerant clients wait for more negative volatility to force their hand.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.48
 - o 4.40
 - o 4.34
 - o 4.28
 - o 4.19
- Floor/Resistance
 - o 3.89
 - o 3.99
 - o 4.05
 - o 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	4.029%	-0.004%
2 YR	3.487%	-0.016%
30 YR	4.633%	+0.014%
5 YR	3.608%	-0.018%

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