MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Seriously... No One Seems to Know



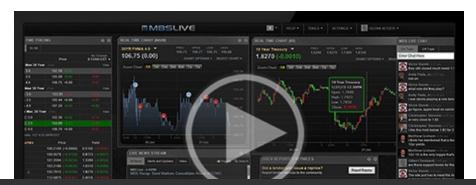
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Seriously... No One Seems to Know

MBS Recap Matthew Graham | 4:14 PM

Today's most prominent feature was a large, rapid move in Fed Funds Futures and other short-term rate metrics. Longer term rates benefited as well, but short term rates clearly led the rally. The issue is that there was no obvious catalyst. Some reports suggested "regional bank fears," but it's hard to document that with the timing of market movement. Other considerations may include comments from Fed's Waller, but those were over 2 hours before the bond rally. To be sure, regional banks had a terrible day, but there too, the biggest volume and volatility transpired about 2 hours before the move in Fed Funds Futures. Whatever the truest, most nitty-gritty catalyst, we'll take it!





Watch the Video

MBS Morning

9:40 AM Block Trades Setting The Tone After Mostly Data-Free Morning

Update

12:43 PM "Something" Happening in Stocks/Bonds; Best Levels of The Day

3:54 PM

Econ Data / Events

- NY Fed Manufacturing
 - 10.7 vs -1.0 f'cast, -8.7 prev

Market Movement Recap

08:59 AM	Slightly stronger overnight and limited reaction to Philly Fed. MBS up 1 tick (.03) and 10yr down
	1.3bps at 4.016

09:11 AM	Quick reversal after 10s hit 4.0%. Now up half a bp to 4.034. MBS down a quick 3 ticks (.09) and
	just over an eighth from AM highs.

01:12 PM			
01.12 1 101	Dig mycton, rally from 12.15 to 12.45	10 yr down 2 0hnc at 2 001	MDC up and aighth
	Big mystery rally from 12:15 to 12:45.	10 y 1 0 0 0 0 1 1 3.99 1.	MDS up allu elgilul.

03:53 PM Near best levels. MBS up 6 ticks (.19) and 10yr down 5.6bps at 3.973

Lock / Float Considerations

As rates continue flirting with longer-term lows, risk-averse clients remain in lock mode. Meanwhile, risk-tolerant clients continue to enjoy the absence of any major corrections as they wait for more negative volatility to force their hand. The trend is your friend until it's not.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - 0 4.48
 - 0 4.40
 - o 4.34
 - o 4.28
 - o 4.19
- Floor/Resistance
 - 0 3.89
 - o 3.99
 - 0 4.05
 - o 4.12

MBS & Treasury Markets



	■ 10 Year Treasury	■ 30YK UMBS 5.0
	MBS	
+		30YR UMBS 5.0
+		30YR UMBS 5.5
		30YR GNMA 5.0
+		15YR UMBS-15 5.0
	US Treasuries	
-0.058%	3.972%	10 YR
-0.082%	3.418%	2 YR
-0.041%	4.586%	30 YR
-0.076%	3.544%	5 YR

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