MBS Recap: Strange Combo of Excitement and Boredom

John "Demo" Lender
VP of Lending, Demo Mortgage Co.
mbslive.net
P: (704) 555-1212
M: (407) 555-1234
10014 Normal Blvd.
Charlotte NC 28044
NMLS: 123456

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YOUR COMPANY SLOGAN

Strange Combo of Excitement and Boredom

MBS Recap Matthew Graham | 4:14 PM

Boring stuff first: there was no significant data, news, volume, or volatility today. Bonds gained modest ground early and then held mostly sideways through the 3pm CME close. In that sense, it was just like most other days during the government shutdown (and quite a few even before the shutdown). The excitement is entirely due to outright levels. It was the second best close for 10yr yields in over a year and the 2nd best for 2yr yields in over 3 years (a reflection of the rate cut outlook).

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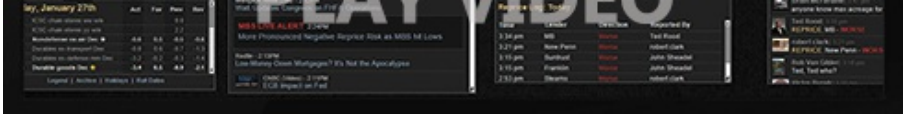

Watch the Video

MBS Morning

11:16 AM Better Buying at 8:20am Open; No Data

3:42 PM

Market Movement Recap

10:24 AM Slightly weaker overnight, but now stronger after 8:20am rally. 10yr down 1.6bps at 3.994 and MBS up 3 ticks (.09)

01:58 PM Flat all day so far. MBS up 3 ticks (.09) and 10yr down 1.9bps at 3.99

03:58 PM Heading out near best levels. MBS up an eighth and 10yr down 2.7bps at 3.981

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")
  - 4.48
  - 4.40
  - 4.34
  - 4.28
  - 4.19

- Floor/Resistance
  - 3.89
  - 3.99
  - 4.05
  - 4.12

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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	3.983%	-0.026%
2 YR	3.459%	-0.003%
30 YR	4.572%	-0.035%
5 YR	3.575%	-0.017%

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