

MBS & TREASURY MARKETS

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MBS Recap: 20yr Treasury Auction to The Rescue



Jason Wood

Mortgage Advisor & VA
Loan Specialist, VA Loan
Guy

www.valoanguyusa.com

P: (760) 350-3989

M: (760) 217-0820

2714 Loker Ave. W.
Carlsbad CA 92010____
317293



20yr Treasury Auction to The Rescue

MBS Recap | Matthew Graham | 3:49 PM

The day began with a bond market that looked like it might take an opportunity to retrace a small portion of the gains seen in recent days. Even at its worst, it wasn't that threatening (i.e. 10yr yields never rose above 3.98%). But any notion of a pull-back was effectively erased at 1pm with the results of the 20yr bond auction. Bids totaled 2.73 times the auction amount--right in line with the 6-auction average and the yield came in 1.3bps lower than expected. A 20yr auction wouldn't normally be an obvious market mover, but the muted range and dearth of data made the reaction more noticeable. With that, bonds moved back into positive territory on the day and held steady through the 3pm close.



Technicals/Trends in 10yr (why 10yr)

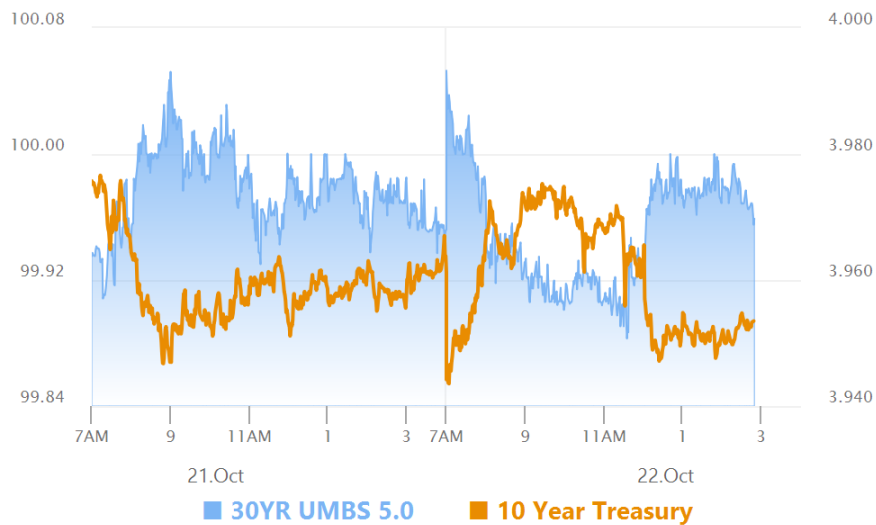
- Ceiling/Support (can be used as "lock triggers")

- 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

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

US Treasuries

10 YR	3.955%	-0.015%
2 YR	3.445%	-0.007%
30 YR	4.540%	-0.007%
5 YR	3.554%	-0.012%

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