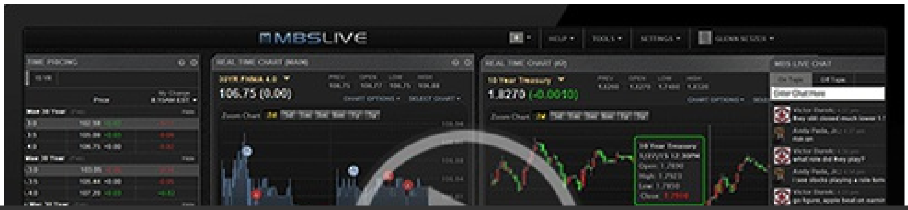
Nickolas Inhelder
Mortgage Broker, In Clear To Close - InCTC LLC
www.AslanHLC.com
P: (720) 446-8778
M: (858) 229-9533
nick@incleartoclose.com
1777 S. Harrison St.
Denver CO 80210
2037157 - CO, FL
2656899 - AL, CO, FL, SD

## MBS Recap: Modestly Stronger Ahead of Fed Day

# Modestly Stronger Ahead of Fed Day

MBS Recap Matthew Graham | 4:58 PM

Without any market moving econ data on Tuesday, bonds finally managed to find a bid. Or at least that's how it seemed during domestic hours. When considering the overnight session, we actually saw yields hit their lows of the day before the open, sell-off a bit at 8:20-8:40am surrounding a weekly employment update from ADP, and then return to the best levels mid-day. The 7yr auction was slightly weaker, but bonds didn't mind (perhaps just relieved to have supply in the rearview). With tomorrow's Fed cut a 100% certainty, volatility potential depends on Powell's press conference as well as whether or not the Fed makes any sort of announcement to end quantitative tightening (something that has been increasingly speculated by trade desks). The QT news wouldn't be as big as it sounds, but it might help a bit (or hurt a bit if it's not announced).




Watch the Video

## MBS Morning

10:57 AM MBS Continue to Outperform as Auctions Weigh on Treasuries

4:20 PM

## Econon Data / Events

- Case Shiller Home Prices-20 y/y (Aug)
  - 1.6% vs 1.9% f'cast, 1.8% prev
- CaseShiller 20 mm nsa (Aug)
  - -0.6% vs -- f'cast, -0.3% prev
- FHFA Home Price Index m/m (Aug)
  - 0.4% vs 0.1% f'cast, -0.1% prev
- FHFA Home Prices y/y (Aug)
  - 2.3% vs -- f'cast, 2.3% prev
- CB Consumer Confidence (Oct)
  - 94.6 vs 93.2 f'cast, 94.2 prev
  - Labor differential: 9.40 vs 7.80 prev

## Market Movement Recap

10:38 AM 2 way volatility early. MBS back to unchanged. 10yr still weaker, up 1.8bps at 3.993

12:52 PM MBS up 1 tick (.03) and 10yr up just under 1bp at 3.983

02:11 PM minimal reaction to 7yr auction. It was slightly weaker than expected, but yields are a hair lower since before the auction. 10yr up 0.6bps at 3.98 and MBS still up 1 tick (.03).

04:19 PM Heading out at the best levels of the day with MBS up an eighth and 10yr down 0.2bps at 3.973

## Lock / Float Considerations

- Rates are the lowest in a year ahead of Wednesday's Fed announcement. As always, the rate cut is fully priced in and the other info that comes out with the announcement could push rates EITHER higher or lower.

## Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.48
  - 4.40
  - 4.34
  - 4.28
  - 4.19
  - 4.12
  - 4.05
- Floor/Resistance
  - 3.89
  - 3.97

## 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 | 3.977% | +0.002% |
| 2 YR | 3.492% | +0.001% |
| 30 YR | 4.540% | -0.006% |
| 5 YR | 3.610% | +0.007% |

---

Open Dashboard

Share This