

MBS & TREASURY MARKETS

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MBS Recap: Light Volatility After Initial Losses



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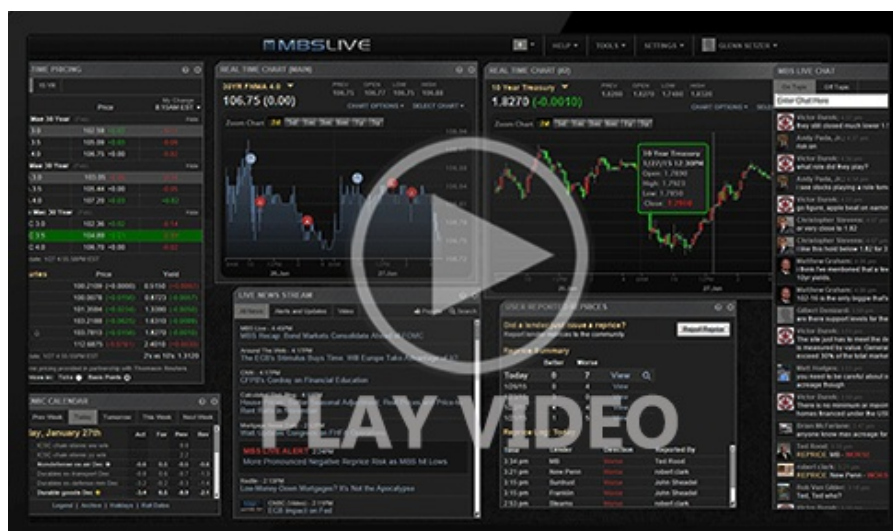
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Light Volatility After Initial Losses

MBS Recap | Matthew Graham | 4:00 PM

The first day of the new month began with some potential excitement, albeit not the good kind. A corporate bond offering from Alphabet pushed yields quickly higher just before 8am. Lackluster results in the ISM Manufacturing data helped push back in the other direction, but only briefly. The rest of the day was spent with yields drifting sideways near the AM highs, ultimately making for the weakest close since October 9th, but only modestly worse than last Thursday.



MBS Morning

11:03 AM Weaker Start Despite Modest Boost From ISM Data

3:47 PM

Econ Data / Events

- ○ ISM Manufacturing Employment (Oct)
 - 46.0 vs -- f'cast, 45.3 prev
- ISM Manufacturing PMI (Oct)
 - 48.7 vs 49.5 f'cast, 49.1 prev
- ISM Mfg Prices Paid (Oct)
 - 58.0 vs 61.7 f'cast, 61.9 prev

Market Movement Recap

- 10:11 AM Moderately weaker overnight with a modest bounce back after ISM data. MBS still down an eighth and 10yr up 2.9bps at 4.104
- 01:05 PM Recovering a bit. MBS down 3 ticks (.09) and 10yr up 2.9bps at 4.105
- 03:43 PM Broadly sideways at slightly weaker levels. MBS down an eighth and 10yr up 3bps at 4.106

Lock / Float Considerations

- With rates at 3 week highs to begin the new week/month, risk-takers are waiting for fresh evidence that the prevailing momentum toward higher rates has fully run its course. Wednesday's ISM Services data represents this week's biggest source of potential volatility.

Technicals/Trends in 10yr (why 10yr)

- **Ceiling/Support** (can be used as "lock triggers")
 - 4.48
 - 4.40

- 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	4.104%	+0.029%
2 YR	3.597%	+0.024%
30 YR	4.687%	+0.033%
5 YR	3.714%	+0.030%

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