

MBS & TREASURY MARKETS

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MBS Recap: Wednesday More Likely to Take Cues From Econ Data



Sandro Pansini Souza

Branch Manager, Beyond Financing, Inc.

www.beyondfinancing.com

M: (857) 615-0836

pansini@beyondfinancing.com

999 Broadway
Saugus MA 01906

LOAN OFFICER NMLS#1625542
COMPANY NMLS#2394496



Beyond Financing, Inc.

Wednesday More Likely to Take Cues From Econ Data

MBS Recap | Matthew Graham | 4:48 PM

Bonds benefited from heavy stock selling late in the overnight session. This is not the typical pattern seen these days, but it's not uncommon to see some positive spillover into bonds when stock losses are sharp enough. In any event, it's not something to count on when it comes to tomorrow's motivations. For that, we actually have economic data for a change. In the absence of government agency data, if we had to pick 2 reports to carry the torch, they would be ADP employment and ISM Services PMI. Tomorrow brings us both releases and, thus, a strong chance to see data-driven volatility.





Watch the Video

MBS Morning

9:53 AM Heavy Selling in Stocks Providing Small Boost For Bonds

4:44 PM

Market Movement Recap

- 09:15 AM modestly stronger overnight and holding gains so far. MBS up 2 ticks (.06) and 10yr down 1.4bps at 4.095
- 01:39 PM Sideways near best levels. MBS up an eighth and 10yr down 2.6bps at 4.083
- 04:48 PM Heading out at best levels. MBS up 5 ticks (.16) and 10yr down 2.5bps at 4.084

Lock / Float Considerations

- Heading into Wednesday morning, volatility risks are higher than normal due to scheduled econ data. The combo of ADP and ISM Services is more than capable of creating momentum in either direction, depending on the results.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.48
 - o 4.40
 - o 4.34
 - o 4.28
 - o 4.19
 - o 4.12
 - o 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	4.083%	-0.026%
2 YR	3.575%	-0.034%
30 YR	4.665%	-0.028%
5 YR	3.694%	-0.030%

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