

# MBS & TREASURY MARKETS

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## MBS Recap: Uneventful Friday Ahead of Holiday-Shortened Week

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## Uneventful Friday Ahead of Holiday-Shortened Week

MBS Recap | Matthew Graham | 3:48 PM

Bonds held their ground on Friday, but required some help from weaker economic data to do so. Compared to the past 2 sessions, volatility was much lower and losses may not have been too severe, even without the data. Taken together, the past 3 days illustrate just how desperate the market is for actionable economic data. The incoming week is once again sparse in that regard. It will also be punctuated by a rare mid-week holiday on Tuesday. One side effect of that holiday is that it pushes the 3yr Treasury auction forward to Monday--something that may have added slightly to the early selling in bonds today.



Watch the Video

## Econ Data / Events

- ○ Consumer Sentiment (Nov)
  - 50.3 vs 53.2 f'cast, 53.6 prev
- Sentiment: 1y Inflation (Nov)
  - 4.7% vs -- f'cast, 4.6% prev
- Sentiment: 5y Inflation (Nov)
  - 3.6% vs -- f'cast, 3.9% prev
- U Mich conditions (Nov)
  - 52.3 vs 59.2 f'cast, 58.6 prev

## Market Movement Recap

- 08:20 AM Calm overnight session and a flat start. MBS up 1 tick (.03) and 10yr up 0.3bps at 4.088.
- 01:13 PM Flat at strongest levels. MBS up 1 tick (.03) and 10yr down 1.3bps at 4.072
- 03:37 PM Still little changed. MBS are perfectly flat and 10yr yields are less than half a bp higher at 4.089

## Lock / Float Considerations

- Heading into the weekend, bonds are confirming that they've found their footing following the mid-week sell-off. They're also confirming that they'll need fresh inspiration if yields are to fall in a meaningful way.

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

- **Ceiling/Support** (can be used as "lock triggers")
  - 4.48
  - 4.40
  - 4.34
  - 4.28

- 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         | 4.088% | +0.003% |
| 2 YR          | 3.555% | -0.002% |
| 30 YR         | 4.695% | +0.015% |
| 5 YR          | 3.674% | -0.008% |

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