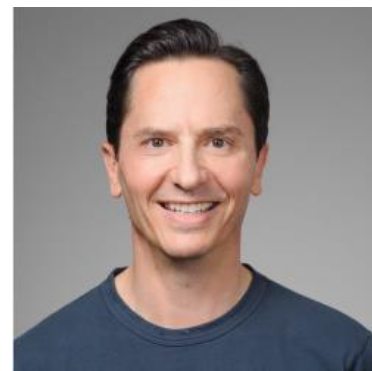


MBS & TREASURY MARKETS

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MBS Recap: Counting Down to Ending The Shutdown After Tuesday's Holiday Closure



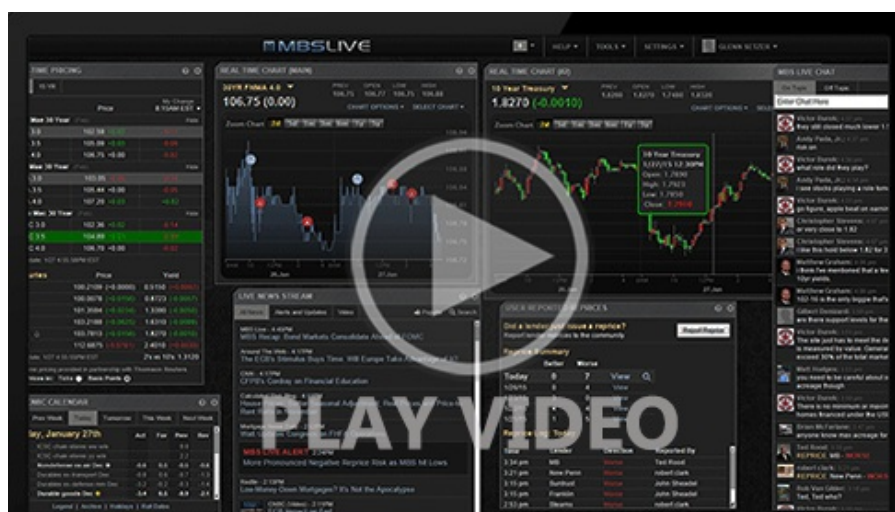
Julian Hebron
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Counting Down to Ending The Shutdown After Tuesday's Holiday Closure

MBS Recap | Matthew Graham | 4:27 PM

Bonds were weaker in the overnight session with at least some of the blame presumably going to a sudden improvement in the prospects for reopening the government. To whatever extent that blame is merited, the rest of the week is increasingly interesting. Tuesday is fully closed due to the Veterans Day holiday. A House vote on a shutdown resolution could happen as early as Wednesday. Even if the vote is looking more like Thu/Fri, any headlines that clarify the timeline or the details could be tradeable events.



MBS Morning

11:18 AM Shutdown Resolution in Sight. What Next?

3:54 PM

Market Movement Recap

- 10:21 AM Moderately weaker overnight, but rallying back a bit now. MBS down an eighth and 10yr up less than 1bp at 4.100
- 02:04 PM A hair weaker vs AM levels despite well-received 3yr TSY auction. MBS down 6 ticks (.19) and 10yr up 1.8bps at 4.111

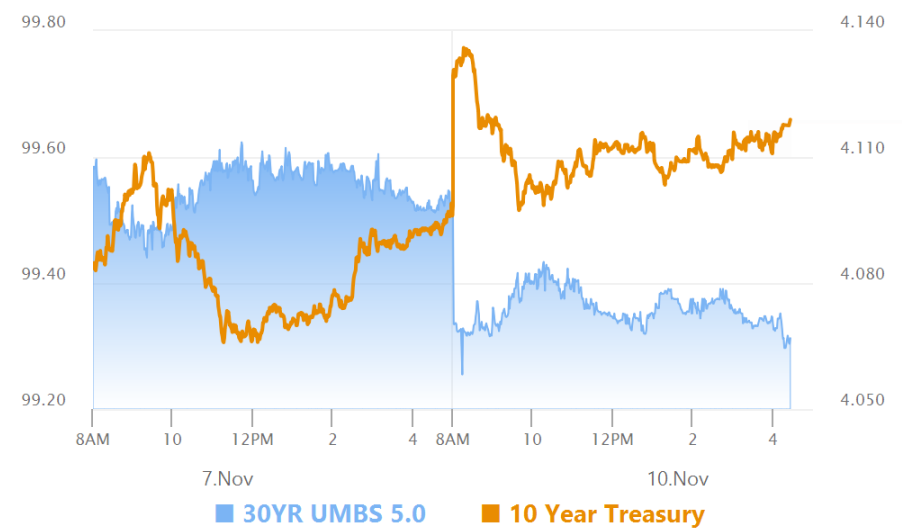
Lock / Float Considerations

- Bonds will be closed on Tuesday for Veteran's day. Thus, any lock/float consideration will have an extra day of global market movement and news headlines to consider. With the end of the government shutdown on the table, Wednesday's volatility could be elevated. If we accept the conclusion that shutdown optimism fueled stock gains and bond losses overnight, confirmation of a government reopening could imply some additional weakness.

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**
 - o 3.89
 - o 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	4.119%	+0.026%
2 YR	3.593%	+0.033%
30 YR	4.709%	+0.012%
5 YR	3.718%	+0.038%

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