

MBS & TREASURY MARKETS

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MBS Recap: Bonds Look Past 10yr Auction to Maintain Focus on Jobs



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Bonds Look Past 10yr Auction to Maintain Focus on Jobs

MBS Recap | Matthew Graham | 4:09 PM

While there were no big ticket economic reports on today's calendar, bonds came into the session with a tailwind from yesterday's weekly ADP payrolls data. Unlike the monthly numbers seen in last week's monthly ADP report (which showed a +42k increase in payrolls), yesterday's weekly numbers showed an 11k decline so far in November. Treasury futures (not closed for the holiday) reacted clearly and immediately. As a result, 10yr yields opened nearly 5bps lower this morning and managed to hold those gains throughout the session. Traders had almost no regard for the slightly soft results in the 10yr Treasury auction at 1pm ET with most of the day's ebbs and flows lining up with stock market volatility instead.



Watch the Video

MBS Morning

10:21 AM Stronger Start Thanks to Weekly ADP Data

3:25 PM

Econ Data / Events

- ○ ADP Weekly Payrolls (Tue, 11/11)
 - -11k

Market Movement Recap

- 09:05 AM Stronger over the holiday, exclusively in response to ADP weekly jobs numbers. MBS up 10 ticks (.31) and 10yr down 4.4bps at 4.077
- 11:57 AM Still generally flat, but at best levels of the day. MBS up 11 ticks (.34) and 10yr down 6.3bps at 4.059
- 01:26 PM Slightly weak 10yr auction and a bit of selling after the fact. 10yr still down 5.9bps at 4.064. MBS up 10 ticks (.31).
- 03:44 PM Still sideways. MBS up 11 ticks (.34) and 10yr down 5.4bps at 4.068

Lock / Float Considerations

- Yields/rates are pushing the lower boundaries of November's narrow range thanks to weekly ADP data. While a confirmed reopening of the government could still introduce volatility, its scope could be limited by the need to wait for additional data (as well as clarity on the release schedule for backlogged government data).

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 UMB 5.0	+
30YR UMB 5.5	+
30YR GNMA 5.0	+
15YR UMB 5.0	+

US Treasuries

10 YR	4.069%	-0.053%
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2 YR	3.567%	-0.028%
30 YR	4.663%	-0.049%
5 YR	3.668%	-0.051%

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