

MBS & TREASURY MARKETS

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MBS Recap: Modest Gains After Mid-Day Volatility



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Modest Gains After Mid-Day Volatility

MBS Recap Matthew Graham | 4:46 PM

With only a few exceptions, bonds have been a rudderless ship during the government shutdown. With the backlogged data returning in a slow and uncertain fashion, rudder repairs are similarly slow. In today's case, bonds benefited from overnight strength in overseas bond markets and a bit of ongoing weakness in stocks. The surprise release of stale jobless claims data did nothing to inspire and there was limited benefit from another negative print in the weekly ADP numbers. As soon as EU bonds closed for the day, US bonds began selling off. The damage was short-lived and well contained. The net effect was another in-range day ahead of higher consequence events like Wednesday's Fed minutes or Thursday's jobs report.



MBS up 3 ticks (.09) but down an eighth from AM highs. 10yr down 1.5bps at 4.125 but up 4bps from AM lows.

04:18 PM Off the weakest levels. MBS up an eighth and 10yr down 2bps at 4.119

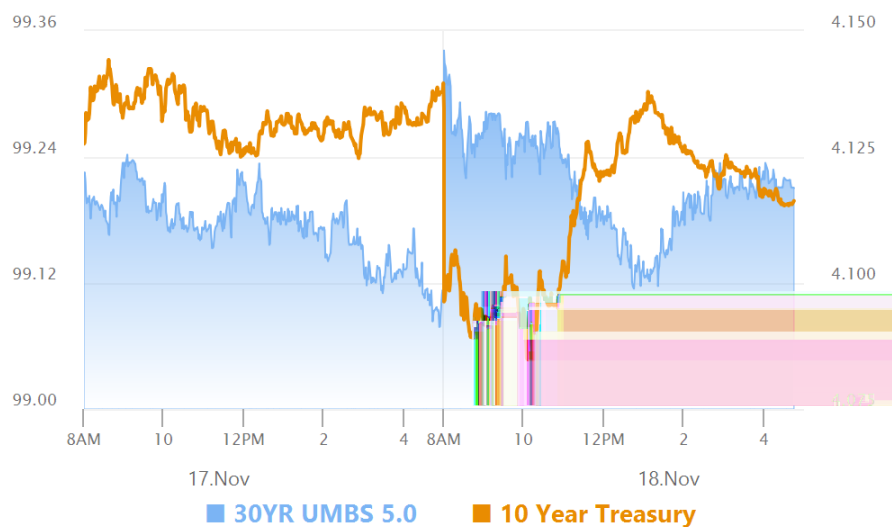
Lock / Float Considerations

- The new week is off to a flat start, which is as much of a victory as bonds could hope for in the absence of friendlier Fed comments or weaker econ data. Potential volatility remains moderate for now, but will pick up surrounding Wednesday's Fed minutes and Thursday's jobs report (even though it's a bit stale).

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

MBS

30YR UMBS 5.0		+
30YR UMBS 5.5		+
30YR GNMA 5.0		
15YR UMBS-15 5.0		+

US Treasuries

10 YR	4.116%	-0.023%
2 YR	3.577%	-0.037%
30 YR	4.736%	+0.000%
5 YR	3.689%	-0.040%

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