

MBS & TREASURY MARKETS

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MBS Recap: Holiday Week Volatility With Zero Consequence



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Holiday Week Volatility With Zero Consequence

MBS Recap | Matthew Graham | 2:55 PM

Although there was a brief negative reaction to this morning's economic data, the impact was minimal. Random holiday-week volatility accounted for bigger swings, but those swings ultimately canceled each other out. By the 3pm close, bonds were close enough to unchanged levels. That makes today truly forgettable in the bigger picture. Trading doesn't get real/serious again until December. NOTE: Friday is technically open until 2pm ET, but as is our custom, we will only publish commentary on an "as-needed" basis (i.e. if the movement is minimal, you won't hear from us until Monday).



Watch the Video

MBS Morning

8:54 AM Stronger Data. Weaker Start For Bonds

Econ Data / Events

- ○ Durable goods (Sep)
 - 0.5% vs 0.3% f'cast, 2.9% prev
- Jobless Claims (Nov)/22
 - 216K vs 225K f'cast, 220K prev
- Continued Claims (Nov)/15
 - 1,960K vs -- f'cast, 1974K prev

Market Movement Recap

- 09:05 AM modestly weaker after data. MBS down 3 ticks (.09) and 10yr up 2.2bps at 4.018
- 12:23 PM Volatility centered on 10am ET, but now back near best levels. MBS unchanged and 10yr up only 0.6bps at 4.002
- 02:44 PM Approaching 3pm CME close with 10yr yields nearly unchanged at 3.999 and MBS down 1 tick (.03).

Lock / Float Considerations

- Thanksgiving week volatility played out in favor of lower rates on Tuesday. Wednesday saw a small pull-back and that helped reinforce the sense that Tuesday's levels were low enough as to represent a stronger resistance level underfoot. All bets are off until next week as Friday's half-day generally sees very little change in rate sheets. That said, be aware that bonds can always make a surprisingly big move if the right tape bomb comes along.

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	3.998%	+0.002%
2 YR	3.483%	+0.027%
30 YR	4.644%	-0.005%
5 YR	3.574%	+0.004%

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