MBS Recap: Bond Momentum Continues Ignoring Data

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Bond Momentum Continues Ignoring Data

MBS Recap Matthew Graham | 4:21 PM

On multiple recent occasions, we've seen bonds make a moderate move on days with important economic reports, but not in response to those economic reports. Thursday was the latest example. The 8:30am jobless claims data was undoubtedly a tradeable event based on the big volume spike at the time, but the higher yields were already in place by the time the data came out. Moreover, there wasn't much of a response afterward. Bonds spent the rest of the day drifting sideways to slightly weaker, but still very much in the prevailing pre-Thanksgiving range (i.e. 10yr yields 4.05-4.17).

Watch the Video

MBS Morning	
8:53 AM	Lowest Initial Jobless Claims Reading Since 2022
Alert	
1:58 PM	Down an Eighth From AM Highs
Alert	
3:02 PM	Negative Reprices Becoming More Likely
4:00 PM	

Econ Data / Events

- Challenger layoffs (Nov)
  - 71.321K vs -- f'cast, 153.074K prev
- Continued Claims (Nov)/22
  - 1,939K vs 1960K f'cast, 1960K prev
- Jobless Claims (Nov)/29
  - 191K vs 220K f'cast, 216K prev

Market Movement Recap

08:53 AM moderately weaker overnight with additional temporary selling after jobless claims data. MBS down 3 ticks (.09) and 10yr up 3bps at 4.093

01:59 PM 10yr yields are up 4bps at 4.104. MBS down 5 ticks (.16).

03:02 PM MBS are now down 6 ticks (.19) and 10yr up 4.7bps at 4.11

Lock / Float Considerations

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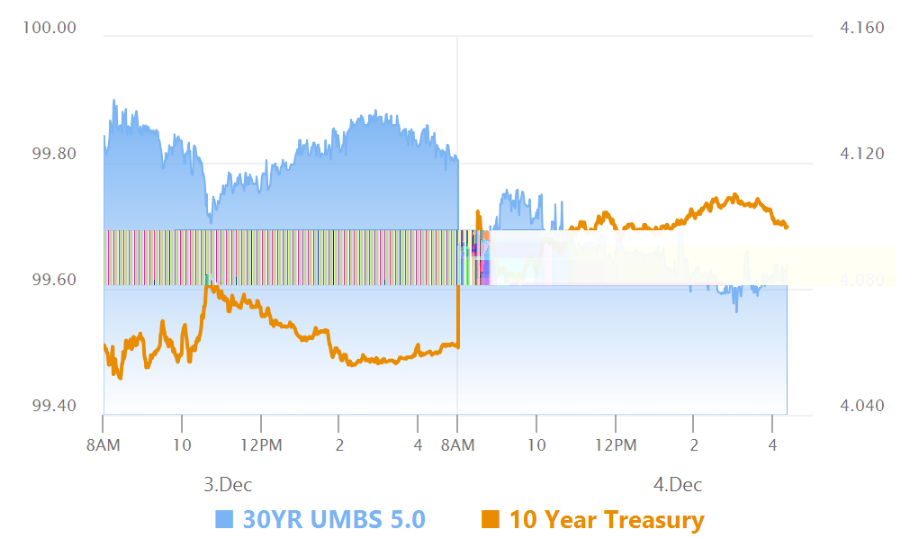
- Bonds are trading well mid-week regardless of econ data (perhaps even showing some disinterest in the data). From a technical standpoint, rates are that much closer to long-term resistance levels. A big break lower would require a big development in data (specifically the data coming out in 2 weeks). Random, in-range volatility is the baseline between now and then, with a brief pause for heavier event risk surround next Wednesday's Fed announcement.

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

US Treasuries		
10 YR	4.100%	+0.036%

2 YR	3.523%	+0.033%
30 YR	4.758%	+0.027%
5 YR	3.673%	+0.042%

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