

MBS & TREASURY MARKETS

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MBS Recap: Bond Momentum Continues Ignoring Data



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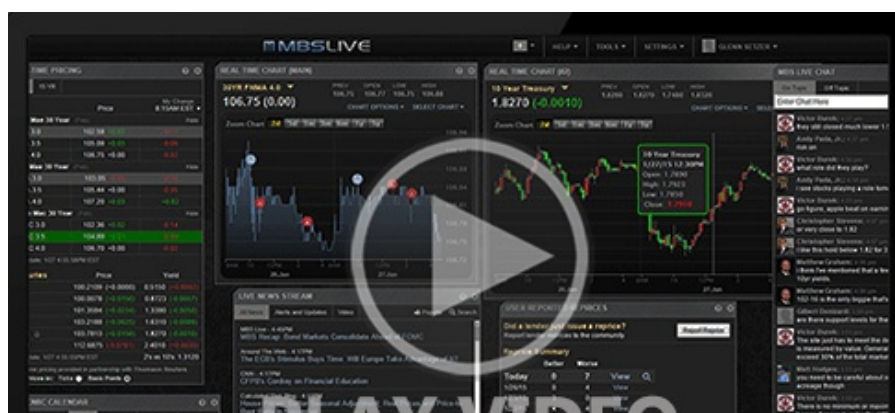
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Bond Momentum Continues Ignoring Data

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).





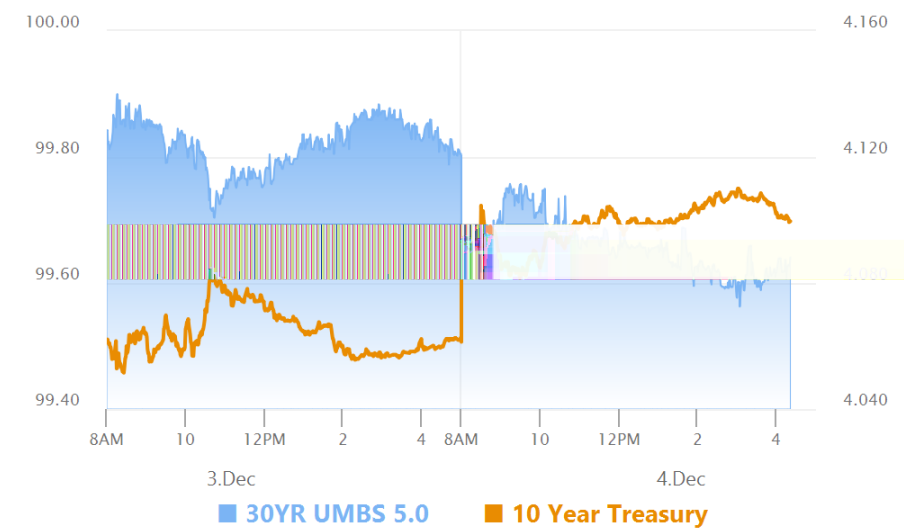
data). From a technical standpoint, rates are that much closer to long-term resistance levels. A big break lower would require a big development in data (specifically the data coming out in 2 weeks). Random, in-range volatility is the baseline between now and then, with a brief pause for heavier event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

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - 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	4.100%	+0.036%
2 YR	3.523%	+0.033%

30 YR
5 YR

4.758%
3.673%

+0.027%
+0.042%

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