MBS Recap: Unemployment Not High Enough For a Full-Fledged Rally

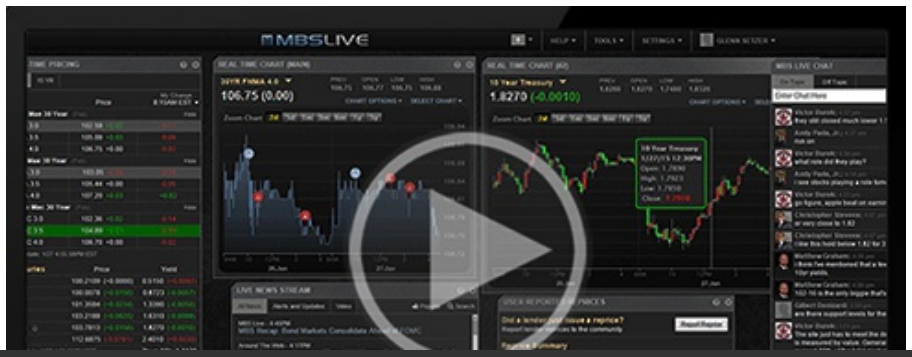
Chase Brannon
Senior Mortgage Adviser, Steadfast Mortgage
www.steadfastmortgage.com/cbrannon
P: 615-939-2953
M: 615-939-2953
4011 Charlotte Ave
Nashville TN 37209
1245072

STEADFAST MORTGAGE
NMLS# 1131833

Unemployment Not High Enough For a Full-Fledged Rally

MBS Recap Matthew Graham | 2:41 PM

If the only metric from this morning's jobs report was the uptick in unemployment from 4.4 to 4.6%, and if that was the last of this week's big ticket econ data, it wouldn't be a surprise to see a more aggressive rate rally. As it stands, unemployment was tempered by a higher participation rate and less dire unrounded numbers (taken together, these actually made unemployment closer to unchanged). Add in stronger payroll growth, a surge in core retail sales, and the need to wait and see how Thursday's CPI comes out, and the choppy, lackluster rally is easier to reconcile.



© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

Watch the Video

Update

8:34 AM First Move is Stronger After Jobs Report

MBS Morning

9:04 AM Frustratingly Flat After Deceptively Friendly Jobs Report

2:21 PM

Econ Data / Events

- ADP Weekly Employment
  - 16.25k vs 4.75k prev
- Non Farm Payrolls (Oct)
  - -105 vs -- f'cast, 119K prev
- Non Farm Payrolls (Nov)
  - 64K vs 50K f'cast, -- prev
- Participation Rate (Nov)
  - 62.5% vs -- f'cast, 62.4% prev
- Retail Sales (Oct)
  - 0.0% vs 0.1% f'cast, 0.2% prev
- Retail Sales Control Group MoM (Oct)
  - 0.8% vs 0.4% f'cast, -0.1% prev
- **Unemployment rate mm (Nov)**
  - **4.6% vs 4.4% f'cast, 4.4% prev**

Market Movement Recap

08:36 AM Modestly stronger after jobs report. MBS up almost an eighth and 10yr down 1.1bps at 4.165

09:27 AM Paradoxically modestly weaker now with MBS unchanged and 10yr up 1.3bps at 4.191

12:56 PM

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

12:56 PM Back near best levels of the day. MBS up 5 ticks (.16) and 10yr down 2.1bps at 4.156

02:28 PM Leveling off at only modestly stronger levels. MBS up an eighth and 10yr still down 2.1 ticks at 4.156

Lock / Float Considerations

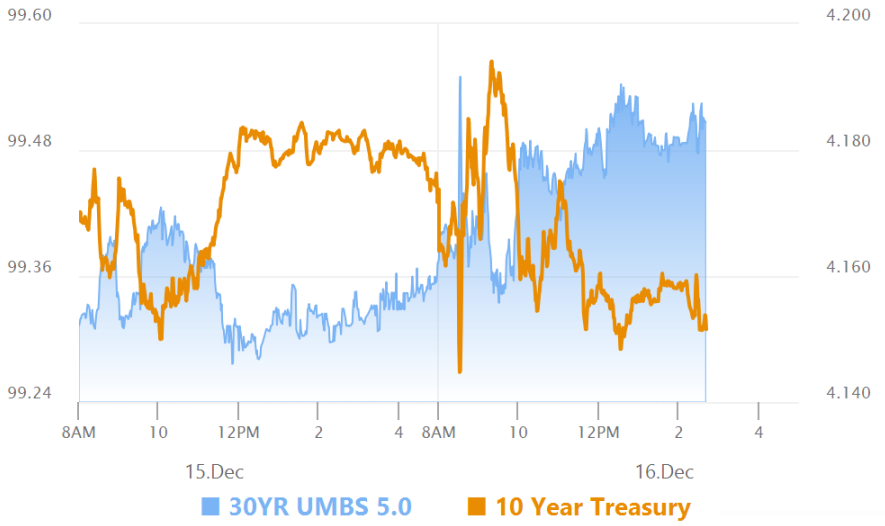
- Rates are no worse for the wear after Tuesday's jobs report, even if the improvement fell short of what we might expect given the uptick in unemployment. Risk averse clients may view this as suggesting some measure of resistance to the notion of any rapid improvement in rates between now and year-end. Pragmatists assume the market is waiting to consider bigger moves after Thursday's CPI 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 Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

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

US Treasuries		
10 YR	4.151%	-0.025%
2 YR	3.481%	-0.026%
30 YR	4.825%	-0.019%
5 YR	3.695%	-0.032%

Open Dashboard

Share This

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.