

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Bond Market in Holiday Mode



Julie Herrmann

REALTOR® & Mortgage
Broker, Edge Home Finance
Nmls #891464 | eXp Realty
LLC

www.hometoloan.com

P: (509) 359-1056

M: (360) 900-7092

julieteamherrmann@gmail.com

601 W 1st Ave #Ste 1400

Spokane WA 99201

#1563583

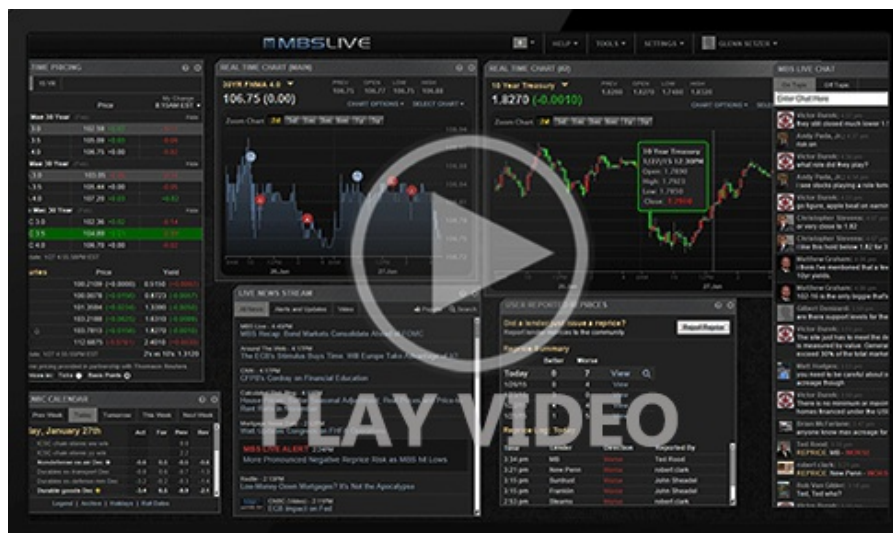
[Licensing Disclaimer](#)



Bond Market in Holiday Mode

MBS Recap | Matthew Graham | 4:32 PM

Holiday mode is impossible to clearly define when it comes to its impact on the bond market. We know it when we see it, and we saw it today. Bonds paid no attention to econ data no matter how much it may seem that the 10am Consumer Sentiment numbers had an impact. Movement was minimal and not visibly tied to any other motivation. And as we already discussed this morning, Japan's rate hike was a non-event. Holiday trading randomness will get worse over the next 2 weeks before it improves in early January.



Watch the Video

MBS Morning

10:11 AM Slightly Weaker. No, It's Not Japan

4:20 PM

Econ Data / Events

- ○ Consumer Sentiment (Dec)
 - 52.9 vs 53.4 f'cast, 51.0 prev
- Existing home sales (Nov)
 - 4.13M vs 4.2M f'cast, 4.1M prev
- Sentiment: 1y Inflation (Dec)
 - 4.2% vs 4.1% f'cast, 4.5% prev
- Sentiment: 5y Inflation (Dec)
 - 3.2% vs 3.2% f'cast, 3.4% prev
- U Mich conditions (Dec)
 - 50.4 vs 50.7 f'cast, 51.1 prev

Market Movement Recap

10:12 AM Sideways at modestly weaker levels. MBS down 2 ticks (.06) and 10yr up 2.1bps at 4.143

12:15 PM Decent recovery into 11am, but fading a bit now. MBS down 3 ticks (.09) and 01yr up 2.7bps at 4.143

Lock / Float Considerations

- We're now entering peak holiday mode for bond markets. This means a wider range of movement that can happen for no apparent reason even though the average year sees rates drift aimlessly sideways in the 2nd half of December. The next risk for consequential volatility from scheduled events won't be until the first week of January.

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 5.0

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

US Treasuries

10 YR	4.149%	+0.027%
2 YR	3.486%	+0.022%
30 YR	4.826%	+0.022%
5 YR	3.694%	+0.031%

Open Dashboard

Share This