

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Decent Gains With Some Help From 7yr Auction



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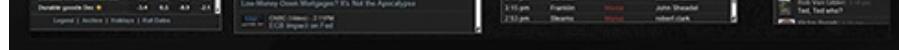
Decent Gains With Some Help From 7yr Auction

MBS Recap | Matthew Graham | 1:17 PM

You know it's a holiday with an early closure if we're talking about a 7yr Treasury auction having an impact on the bond market. To be fair, 7s have had an impact once or twice in the past, but the bar is certainly high. The holiday calendar makes the bar a bit lower as fewer determined traders are required to move the whole pile. Such was the case after the 11:30am ET auction. Bonds were already in good shape before that, but the earlier gains were more incidental than data-driven.

PLAY VIDEO

The screenshot shows the MBS LIVE software interface. On the left, there's a 'TIME PRICING' section for 'MBS 30 Year' bonds, showing a table of bond prices and yields. In the center, there are two 'REAL TIME CHART (MAIN)' sections: one for '30YR FINRA 4.0' (Price: 106.75, Yield: 3.91%) and another for '10 Year Treasury' (Price: 1.8279, Yield: 0.0010). The right side features a 'REAL TIME CHAT (0)' window with a list of messages from users like 'Victor Shantz' and 'Christopher Stevens'. At the bottom, there's a 'LIVE NEWS STREAM' and a 'STOCK REPORTED PRICES' section.



[Watch the Video](#)

MBS Morning

9:26 AM Bonds Are Open... Sort Of

1:07 PM

Econ Data / Events

- - Continued Claims (Dec)/13
 - 1,923K vs -- f'cast, 1897K prev
 - Jobless Claims (Dec)/20
 - 214K vs 223K f'cast, 224K prev

Market Movement Recap

08:31 AM Unchanged overnight and no reaction to claims data. MBS unchanged and 10yr down 1/10th of a bp at 4.165

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")
 - 4.48
 - 4.40
 - 4.34
 - 4.28
 - 4.19
 - 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	4.130%	-0.036%
2 YR	3.503%	-0.026%
30 YR	4.791%	-0.033%
5 YR	3.714%	-0.019%

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