

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



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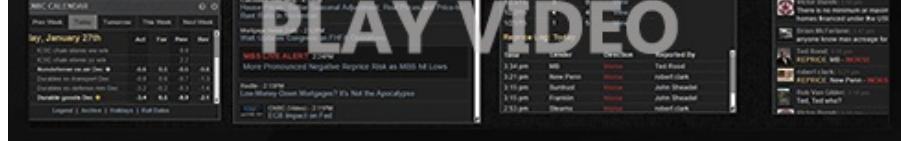
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Decent Gains With Some Help From 7yr Auction

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.

The screenshot shows the MBS Live software interface. It features several windows: a 'REAL TIME PRICING' window with a table of bond yields; a 'REAL TIME CHART (BOND)' window showing a line graph of bond prices over time; a 'REAL TIME CHART (TREASURY)' window showing a line graph of treasury prices; and a 'LIVE NEWS STREAM' window with a news article about the US stimulus package. A large play button is overlaid in the center of the screen, indicating the video nature of the content.



[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 -- fcast, 1897K prev
 - Jobless Claims (Dec)/20
 - 214K vs 223K fcast, 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
- 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	4.130%	-0.036%
2 YR	3.503%	-0.026%
30 YR	4.791%	-0.033%
5 YR	3.714%	-0.019%

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