

MBS & TREASURY MARKETS

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MBS Recap: Modest Recovery From Morning Weakness



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Modest Recovery From Morning Weakness

MBS Recap | Matthew Graham | 3:22 PM

Bonds were slightly weaker this morning in a move that looked like it might have been significant when compared to yesterday's narrow range. But in a just-barely-wider context, today's volatility was just as inconsequential as almost any of the days in December so far. With that, we'll continue to count down to next week's bigger-ticket data and more robust trader participation.

The screenshot shows the MBS LIVE interface. On the left, there's a 'TIME Pricing' table for MBS 30 Year bonds, showing prices and yields for various coupon rates. In the center, there are three 'REAL TIME CHART' windows for 30YR FINMA 4.0, 10 Year Treasury, and 30 Year Treasury. The 10 Year Treasury chart shows a price of 106.75 (0.00) with a green line and red dots. The 30 Year Treasury chart shows a price of 106.70 (0.00) with a green line and red dots. The right side of the screen features a 'LIVE CHAT' window with a list of messages from users like 'Victor Shultz' and 'Julian Hebron'. A large, semi-transparent 'PLAY VIDEO' button is overlaid across the middle of the interface.

Watch the Video

10:58 AM Meaningless Year-End Volatility

3:16 PM

Econ Data / Events

- ○ Case Shiller Home Prices-20 y/y (Oct)
 - 1.3% vs 1.1% fcast, 1.4% prev
- CaseShiller 20 mm nsa (Oct)
 - -0.3% vs -- fcast, -0.5% prev
- FHFA Home Price Index m/m (Oct)
 - 0.4% vs 0.1% fcast, 0% prev
- FHFA Home Prices y/y (Oct)
 - 1.7% vs -- fcast, 1.7% prev
- Chicago PMI (Dec)
 - 43.5 vs 39.5 fcast, 36.3 prev

Market Movement Recap

10:10 AM Moderately weaker overnight and sideways so far. MBS down an eighth and 10yr up 2.7bps at 4.135

12:02 PM bouncing back a bit. MBS down only 1 tick (.03) and 10yr up 1.2bps at 4.119

03:14 PM Still mostly sideways. MBS down 2 ticks (.06) and 10yr up 2.1bps at 4.128.

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	4.129%	+0.022%
2 YR	3.452%	+0.022%
30 YR	4.814%	+0.018%
5 YR	3.681%	+0.039%

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