

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.

PLAY VIDEO

The screenshot shows the MBS Live interface with several windows open:

- TIME PRICING:** Shows bond prices for various maturities, including 10-Year, 20-Year, 30-Year, and 30-Year TIPS.
- REAL TIME CHART (MBS):** Shows the 20-Year FOMO 4.0 price (106.75) with a green line indicating a slight increase.
- REAL TIME CHART (T-Bills):** Shows the 10 Year Treasury price (1.8270) with a green line indicating a slight increase.
- LIVE NEWS STREAM:** Displays headlines such as "ECON Stimulus Buys Time, Will Europe Take the Lead?", "China's COVID-19 Outbreak Continues to Spread", and "China's COVID-19 Outbreak Continues to Spread".
- REAL TIME CHAT:** A live chat window with multiple users, including "Andy Pyle" and "Robert Clark".
- RECENT REPORTS & PRICES:** A summary of recent reports and prices.
- MBS CALENDAR:** A calendar for the week of January 27th, 2022.

MBS Morning

10:58 AM **Meaningless Year-End Volatility**

3:16 PM

Econ Data / Events

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

- 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 5.5
- 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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