

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 displays the MBS LIVE interface. On the left, a 'REAL TIME PRICING' table shows bond yields for various maturities, including 10-Year, 20-Year, and 30-Year bonds. The 10-Year bond is highlighted in green. In the center, a 'REAL TIME CHART (10Y)' shows the price of the 10-Year Treasury bond, which has moved from 106.75 to 106.70. To the right, a 'REAL TIME CHART (30Y)' shows the 30-Year Treasury bond price, which has moved from 1.8279 to 1.8260. Below the charts, a large 'PLAY VIDEO' button is overlaid. The bottom of the screen features a news feed with headlines like 'MBS LIVE ALERT: 2.24PM' and 'MBS LIVE ALERT: 2.24PM'.

Watch the Video

3:16 PM

Econ Data / Events

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

- 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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