

# MBS & TREASURY MARKETS

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## MBS Recap: Modest Recovery From Morning Weakness



**David Wiest**

MLO, US Bank

P: (916) 955-7664

M: (916) 955-7664

1400 Rocky Ridge Dr

Roseville CA 95661

561109

## 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.

A screenshot of the MBS LIVE software interface. The interface includes several windows: 'REAL TIME COAST MARKET' showing bond prices and yields; 'REAL TIME CHARTS' showing price movements for various bonds; 'LIVE NEWS STREAM' with a headline about the US stimulus; and a 'LIVE REPORTER' section. A large circular video player is overlaid on the interface, with the text 'PLAY VIDEO' at the bottom. The video player has a play button in the center.

## MBS Morning

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% 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")

- 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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