

# MBS & TREASURY MARKETS

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## **ALERT:** Quick Selling Pressure At Year-End Trading Cut-Off

MBS are down a quick eighth of a point from the most recent highs. Unless a lender repriced for the better at those highs, negative reprice risk is minimal and, indeed, not at all justified by this amount of movement (i.e. this is a "heads-up" alert simply to explain the jumpiness.

While the official early close is still one hour away, the cut-off time for most large traders is/was 1pm ET. There's been a typical surge of volume around that time. A quick jolt of several bps in 10yr yields is not uncommon. There is no underlying fundamental motivation. It's all a byproduct of last-moment year-end position squaring.



### Chase Brannon

Senior Mortgage Adviser,  
Steadfast Mortgage

[www.steadfastmortgage.com/cbrannon](http://www.steadfastmortgage.com/cbrannon)

**P:** 615-939-2953

**M:** 615-939-2953

4011 Charlotte Ave  
Nashville TN 37209  
1245072

**STEADFAST**  
MORTGAGE  
NMLS# 1131833