

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Modest Incidental Weakness



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Modest Incidental Weakness

MBS Recap | Matthew Graham | 3:51 PM

Despite a bit of incidental selling today, the bond market has survived the winter holiday season without even attempting to break outside the narrow prevailing range. This is especially true for shorter duration Treasuries and MBS. It has been and continues to be the case that we won't get a sense of the next wave of momentum until next week at the earliest. It could take even longer if the econ data fails to make a compelling case for better or worse.

A screenshot of the MBS Live software interface. The main window shows a 'REAL TIME CHART (MAIN)' for the 30-Year Treasury, with a price of 106.75 and a change of 0.00. Below the chart is a 'LIVE NEWS STAGGER' section with a play button. To the right is a 'REAL TIME CHART (30)' for the 30-Year Treasury, showing a price of 1.8270 and a change of -0.0010. The interface includes a 'REAL TIME CHART (10)' for the 10-Year Treasury and a 'REAL TIME CHART (5)' for the 5-Year Treasury. The bottom of the screen features a 'PLAY VIDEO' button.



[Watch the Video](#)

MBS Morning

10:47 AM Monitoring For Misbehavior

Alert

11:04 AM Down an Eighth From AM Highs

Alert

1:41 PM Negative Reprice Risk Increasing

3:39 PM

Econ Data / Events

- ○ S&P Global Manufacturing PMI
 - 51.8 vs 51.8 fcst, 52.2 prev

Market Movement Recap

09:35 AM Modestly stronger overnight and little-changed so far. MBS up 2 ticks (.06) and 10yr down 0.3bps at 4.165

01:29 PM weakest levels of the day. MBS down 1 tick (.03) and 10yr up 1.7bps at 4.186

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	4.192%	+0.023%
2 YR	3.476%	+0.001%
30 YR	4.870%	+0.026%
5 YR	3.742%	+0.015%

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