

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.



The screenshot shows the MBS LIVE software interface. It features several windows: a 'REAL TIME PRICING' window with a table of bond yields for various maturities; a 'REAL TIME CHART (MBS)' window showing a line graph of MBS prices with a red downward trend line; a 'REAL TIME CHART (TREASURY)' window showing a line graph of Treasury prices with a green upward trend line; a 'MBS LIVE CHAT' window on the right with a list of messages; and a 'LIVE NEWS STREAM' window at the bottom. A large play button is overlaid in the center of the screen, and the text 'PLAY VIDEO' is at the bottom.



Watch the Video

MBS Morning

10:47 AM Monitoring For Misbehavior

11:04 AM Down an Eighth From AM Highs

1:41 PM Negative Reprice Risk Increasing

3:39 PM

Econ Data / Events

- - o S&P Global Manufacturing PMI
 - 51.8 vs 51.8 f'cast, 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



30YR UMBS 5.0

30YR UMBS 5.5

30YR GNMA 5.0

15YR UMBS-15 5.0

+

MBS

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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