

# MBS & TREASURY MARKETS

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## MBS Recap: Flat Ending After Early Head Fake



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## Ending Near Unchanged Levels After Early Head Fake

MBS Recap | Matthew Graham | 4:24 PM

Trading volumes confirm that bonds are 100% back in action, but after this morning's selling pressure proved to be a head fake, that volume hasn't translated to any meaningful momentum. This isn't too hard to accept considering the absence of big-ticket econ data. Things change on Wednesday with the release of ADP, JOLTS, and ISM. This is our first chance to see some actual data-driven volatility in several weeks.

The screenshot shows the MBS Live interface with several windows open. The main window displays a 'REAL TIME CHART (BOND)' for the 10 Year Treasury, showing a price of 106.75 (0.00). Below the chart is a 'LIVE NEWS STREAM' with a headline about the Fed's stimulus. To the right is a 'LIVE REPORTER'S SPOTLIGHT' window. A 'MBS LIVE CHAT' window is open on the far right, showing a list of messages from users like 'Victor Shultz' and 'Julian Hebron'. A large, semi-transparent 'PLAY VIDEO' button is centered over the main chart area.

Watch the Video

9:54 AM Volume is Back. Still Waiting on Volatility

Alert

11:14 AM Weakest Levels and Some Reprice Risk

4:03 PM

## Econ Data / Events

- - S&P Global Composite PMI (Dec)
    - 52.7 vs 53.0 f'cast, 54.2 prev
  - S&P Global Services PMI (Dec)
    - 52.5 vs 52.9 f'cast, 54.1 prev

## Market Movement Recap

09:43 AM Modestly weaker overnight and sideways so far. MBS down 2 ticks and 10yr up 1.2bps at 4.176

10:37 AM Weakest levels of the day on defense spending comments. MBS down an eighth and 10yr up 2.4bps at 4.187

01:27 PM Bouncing back now. MBS unchanged and 10yr up 1.6bps at 4.179

03:25 PM Holding sideways near unchanged levels in MBS, currently down 1 tick (.03). 10yr yields up 1.1bps at 4.174

## Lock / Float Considerations

- The second half of the week brings a long-awaited glut of bigger-ticket data. The first hurdle is Wednesday morning's ADP, JOLTS, and ISM. Taken together, these introduce plenty of risk of a departure from the recent range, for better or worse. Risk-averse clients have an easy decision to make with average rates very close to long term lows.

## 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	4.163%	-0.001%
2 YR	3.459%	+0.002%
30 YR	4.851%	-0.002%
5 YR	3.703%	-0.002%

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