

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Flat Ending After Early Head Fake



Northeast Financial
LLC

www.northeast-mortgage.com
P: (844) 788-7237

48 Meriden Rd, Suite 1
Middlefield CT 06455
NMLS# 117273



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. On the left, a 'TIME TICKING' table for MBS 30 Year bonds is displayed, showing prices and yields for various bond types. In the center, there are two 'REAL TIME CHART' windows: one for the '20 Year FOMA 4.0' (Price: 106.75, Yield: 3.05%) and another for the '10 Year Treasury' (Price: 1.0270, Yield: 1.00%). Both charts show price movements over time. To the right, a 'MBS LIVE Chat' window is open, showing a list of messages from users like 'Andy Pfeife, Jr.' and 'Mark'. At the bottom, a large 'PLAY VIDEO' button is overlaid on the screen.

MBS Morning

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%

[Open Dashboard](#)

[Share This](#)