

MBS & TREASURY MARKETS

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MBS Recap: Ultimately Underwhelming Despite Seemingly Significant Data



1st Choice Mortgage
Mortgage Broker, 1st
Choice Mortgage Company,
LLC

375Loan.com
P: (208) 375-5626

3023 E Copper Point Dr
Meridian ID 83642
380736



Ultimately Underwhelming Despite Seemingly Significant Data

MBS Recap | Matthew Graham | 4:59 PM

There was certainly the potential for volatility today with the confluence of ADP, ISM, and Job Openings data. But the results ended up being close enough to consensus to obviate any massive reactions. Yields hit their lowest levels in a week after ADP came in slightly softer, but most of the rally was already in place from the overnight session. Stronger ISM and job openings pushed bonds back in the other direction, but not enough to result in bond market losses or negative reprices.

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. The chart displays price action from June 22 to June 27. A large green callout box highlights a price of 106.75. Below the chart is a 'LIVE NEWS STREAM' with a headline about the US and China's stimulus packages. To the right is a 'REAL TIME CHART (30Y)' for the 30-Year Treasury, showing a price of 1.8270 and a change of 0.0010. A green callout box highlights a price of 1.8270. At the bottom, there is a 'LIVE & REPORTED PRICES' section and a 'CHAT' window with several messages from users. A large play button is overlaid in the center of the screen.



[Watch the Video](#)

MBS Morning

8:45 AM Stronger Start Thanks to Europe and ADP

Alert

10:11 AM Down an Eighth From Highs After 10am Data

4:17 PM

Econ Data / Events

- - ADP Employment
 - 41k vs 47k f'cast, -32k prev
 - ISM N-Mfg PMI (Dec)
 - 54.4 vs 52.3 f'cast, 52.6 prev
 - ISM Services Employment (Dec)
 - 52.0 vs -- f'cast, 48.9 prev
 - ISM Services New Orders (Dec)
 - 57.9 vs -- f'cast, 52.9 prev
 - ISM Services Prices (Dec)
 - 64.3 vs -- f'cast, 65.4 prev
 - USA JOLTS Job Openings (Nov)
 - 7.146M vs 7.60M f'cast, 7.670M prev

Market Movement Recap

- 08:17 AM Steadily stronger overnight and slightly stronger after ADP. MBS up 5 ticks (.16) and 10yr down 4.2bps at 4.123
- 10:02 AM Losing ground after 10am data. MBS back to unchanged and 10yr down 1.3bps at 4.152
- 12:06 PM Recovering a bit into mid-day. MBS up 3 ticks (.09) and 10yr down 2.8bps at 4.138
- 04:42 PM Off the strongest levels, but still in stronger territory. MBS up 2 ticks (.06) and 10yr down 1.6bps at 4.140

Lock / Float Considerations

- With Wednesday's data failing to inspire any significant volatility, attention turns to Friday's jobs report as this week's last big-ticket event. Thursday is a bit of a push, but with rates at 2-month lows, risk averse clients remain in lock mode.

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	-

30YR GNMA 5.0

15YR UMBS-15 5.0

+

US Treasuries

10 YR	4.151%	-0.015%
2 YR	3.472%	+0.006%
30 YR	4.832%	-0.035%
5 YR	3.705%	-0.006%

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