

# MBS & TREASURY MARKETS

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## MBS Recap: Ultimately Underwhelming Despite Seemingly Significant Data



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## 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.

The screenshot shows the MBS LIVE software interface. On the left, there's a 'REAL TIME PRICING' section with a table for 'MBS 30 Year' bonds, showing yields and prices for various maturities. In the center, there are three 'REAL TIME CHARTS' for '20YR Fixed 4.00', '10YR Treasury 1.8270', and '30 Year Treasury 1.0675'. Each chart has a play button overlaid. To the right, there's a 'LIVE CHAT' window with a list of messages from users. At the bottom, there's a 'LIVE NEWS STREAM' with a play button and a 'PLAY VIDEO' button.



## Watch the Video

## MBS Morning

8:45 AM Stronger Start Thanks to Europe and ADP

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 12bps at 4.152

12:06 PM Page 1 of 1000 Last updated: 11/10/2017

04:42 PM Off the strongest levels, but still in stronger territory. MBS up 2 ticks (.06) and 10yr down 1.6bps

## 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")
  - 4.48
  - 4.40
  - 4.34
  - 4.28
  - 4.19
  - 4.12
  - 4.05
- Floor/Resistance
  - 3.89
  - 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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