

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 interface. On the left, there's a 'TIME PENCING' section with a table of bond yields for various maturities. The middle section features a 'REAL TIME CHART (MAIN)' for the 30-Year Treasury, showing price, open, high, low, and close values. To the right is another chart for the 10-Year Treasury. Below these charts is a 'GIVE NEWS STATION' section with a video player showing a video titled 'The Fed's Stimulus Buys Time, Will Europe Take Advantage?'. At the bottom, there's a 'GIVE & REPORTER PRICES' section with a table of current bond prices and a 'RECENT NEWS' section with a list of recent articles.



[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

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

+

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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