

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Mostly Quiet Ahead of Friday's Jobs Report



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## Mostly Quiet Ahead of Friday's Jobs Report

**MBS Recap** | Matthew Graham | 4:26 PM

Bonds lost a bit of ground on Thursday with most of the weakness seen in the overnight session in sympathy with European bond market weakness. The rest of the selling followed a stronger weekly jobless claims report. That said, we wouldn't give the data all the credit based on the timing of the selling and additional back-and-forth throughout the day. Tomorrow is far more interesting anyway. It brings what many view as the first clean reading of the big jobs report since before the government shutdown. Point being: the market will likely be more willing to react to any result that falls far from the median forecast--especially if the job count and unemployment rate both make the same case.

The screenshot shows the MBS Live software interface. On the left, there's a 'TIME PRICING' section with a table of bond yields for various maturities. The middle section features a 'REAL TIME CHART (BOND)' for the 30-Year FOMC, showing price and yield data. To the right is a 'REAL TIME CHART (TREASURY)' for the 10-Year Treasury, showing price and yield data with a green box highlighting the close. Below these charts is a 'LIVE NEWS STATION' with a play button overlay. To the right of the charts is a 'CHAT' window showing a list of messages from users. At the bottom, there's a 'PLAY VIDEO' button and a summary of the day's news.

## MBS Morning

9:23 AM No Help From Jobless Claims or Europe

4:17 PM

## Econ Data / Events

- - Challenger layoffs (Dec)
    - 35.553K vs -- f'cast, 71.321K prev
  - Continued Claims (Dec)/27
    - 1,914K vs 1900K f'cast, 1866K prev
  - Jobless Claims (Jan)/03
    - 208K vs 210K f'cast, 199K prev
  - Trade Gap (Oct)
    - -29.40B vs \$-58.9B f'cast, \$-52.8B prev

## Market Movement Recap

- 08:54 AM Weaker overnight with Europe and additional selling after Jobless Claims data. MBS down an eighth and 10yr up 2.6bps at 4.181
- 01:05 PM Sideways near opening levels. MBS down an eighth and 10yr up 1.9bps at 4.174
- 03:02 PM Same same. MBS down 3 ticks (.09) and 10yr up 2.7bps at 4.182

## Lock / Float Considerations

- Friday's jobs report is this week's last big-ticket event. As always, this report carries a wider range of potential movement for the bond market than any other econ data. Sometimes it threads the needle and there's minimal change. Other times it sets off decisive directional momentum. All we can know about ahead of time is the heightened volatility potential.

## 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
- 15YR UMBS-15 5.0

## US Treasuries

10 YR	4.179%	+0.024%
2 YR	3.490%	+0.019%
30 YR	4.851%	+0.018%
5 YR	3.737%	+0.033%

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