

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Some Asymmetric Risk When it Comes to Locking vs Floating

**THE RATE UPDATE**

Dan Frio is a Mortgage Loan Originator Federally registered with Peoples Bank & Trust

NMLS 257781

Member FDIC

fiverr.

**Dan Frio**  
NMLS 246527

844-775-5626

DFrio@PBTBorrowing.com

3201 Orchard Road, Oswego, IL 60543

www.nmlsconsumeraccess.org

### Dan Frio

Sr Mortgage Loan Officer,  
The Frio Team Powered by  
Peoples Bank & Trust

[www.TheRateUpdate.com](http://www.TheRateUpdate.com)

**P:** (844) 775-5626

**M:** (630) 360-3490

524 Main St  
Hazard ky 41701  
246527

**THE RATE UPDATE**

Dan Frio is a Mortgage Loan Originator Federally registered with Peoples Bank & Trust

NMLS 257781

Member FDIC

fiverr.

**Dan Frio**  
NMLS 246527



## Some Asymmetric Risk When it Comes to Locking vs Floating

MBS Recap | Matthew Graham | 3:57 PM

Bonds improved today mostly in response to heavy stock losses creating some safe haven buying demand. Data wasn't heavily traded, but it didn't do any harm. Producer Prices were mixed, with an upward revision in September being offset by lower-than-expected inflation in November. Retail Sales (also November data) beat at the headline, but the control group (excludes autos/gas/building materials) was in line with estimates and October's number was revised lower. Despite the bond gains, mortgage rates were unchanged. This offers a potential clue about lenders being resistant to the notion of offering meaningful improvements from current levels in the short term.





Watch the Video

## MBS Morning

8:58 AM Today's Data is Proving Less Tradeable, But Doing No Harm

3:45 PM

## Econ Data / Events

- ○ Core Producer Prices MM (Nov)
  - 0.0% vs 0.2% f'cast
- Core Producer Prices MM (Oct)
  - 0.3% vs 0.1% prev
- PPI YoY (Nov)
  - 3% vs 2.7% f'cast
- PPI YoY (Oct)
  - 2.8% vs 2.7% prev
- Producer Prices (Nov)
  - 0.2% vs 0.2% f'cast, 0.1% prev
- Producer Prices (Oct)
  - 0.1% vs 0.3% prev
- Retail Sales (Nov)
  - 0.6% vs 0.4% f'cast, 0% prev
- Retail Sales Control Group MoM (Nov)
  - 0.4% vs 0.4% f'cast, 0.8% prev

## Market Movement Recap

09:11 AM No major reaction to AM econ data. MBS up 1 tick (+03) and 10yr down 1.6bps at 4.165

11:23 AM

No major reaction to AM econ data. MBS up 1 tick (.05) and 10yr down 4.2bps at 4.133

01:58 PM

Little changed from last update. MBS up 5 ticks (.16) and 10yr down 4.7bps at 4.133

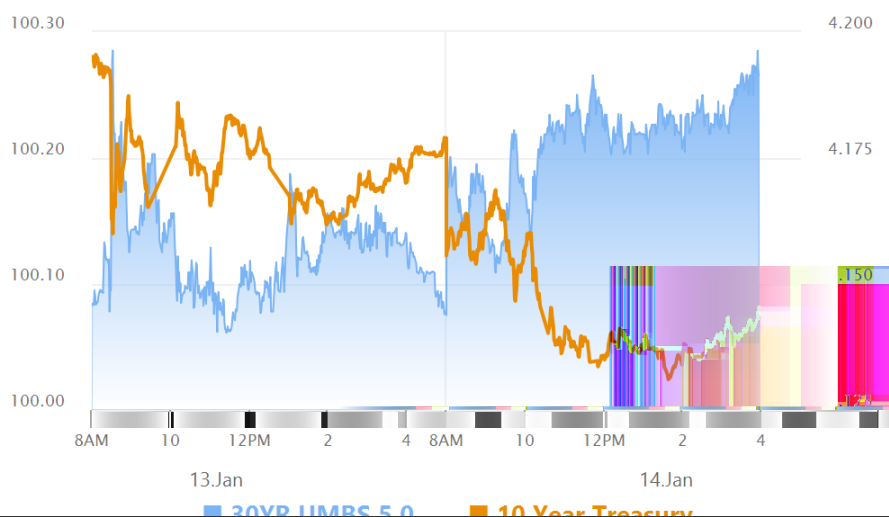
## Lock / Float Considerations

- The absence of rate improvement despite bond market gains suggests some asymmetric risk for the lock/float outlook. On one hand, it could be viewed as lenders having a cushion to absorb any incidental weakness in the coming days. On the other hand, it also suggests lenders aren't keen to drop rates below current levels for a few days or without a more significant rally in bonds.

## 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	4.145%	-0.035%
2 YR	3.520%	-0.016%
30 YR	4.795%	-0.046%
5 YR	3.724%	-0.027%

[Open Dashboard](#)[Share This](#)