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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 Best levels of the day with MBS up 5 ticks (.16) and 10yr down 4.2bps at 4.138
- 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 UMBS 5.0

+

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%

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