

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



**JD Dindinger**  
Mortgage Broker,  
Neighborhood Mortgage  
Group

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

P: (503) 409-3933

jd@clientdirectmtg.com

Salem OR

NMLS # 397740

Website: [APPLY NOW](http://APPLY NOW)



## 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

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

## Market Movement Recap

09:11 AM No major reaction to AM econ data. MBS up 1 tick (0.2) 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)

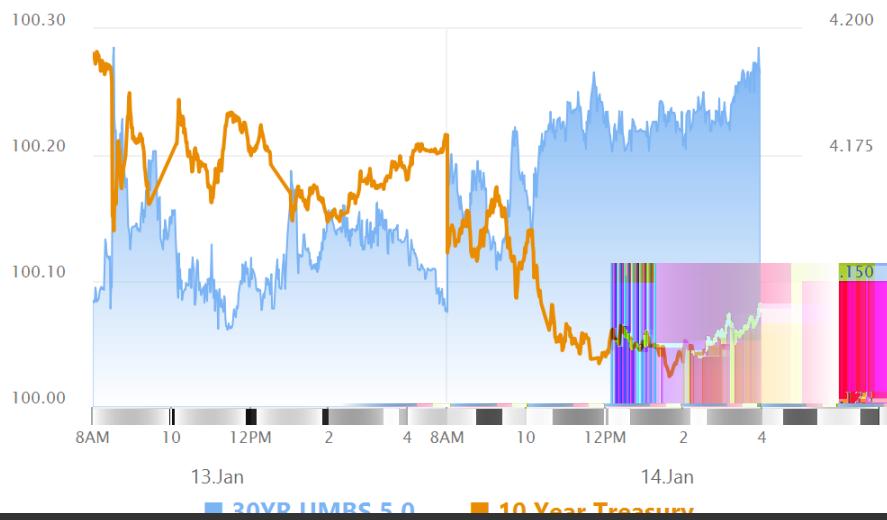
- Ceiling/Support (can be used as "lock triggers")

- 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 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](#)