

MBS & TREASURY MARKETS

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



Russell Baboff

VP, Mortgage Banker,
William Raveis Mortgage,
LLC

www.raveis.com/.../officerprofile.asp

P: (860) 463-1745

M: (860) 463-1745

7 Trap Falls Road
Shelton CT 06117
1014636



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	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

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%

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