

# MBS & TREASURY MARKETS

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## MBS Recap: 10yr Yields Finally Break The Range



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## 10yr Yields Finally Break The Range

MBS Recap | Matthew Graham | 4:27 PM

Despite an absence of market movers on the calendar, bonds found a reason to move. In fact, 10yr yields staged their first legit breakout from the narrow trading range of the past 4 months. Whether that has any implications for the future is a debate for technical analysts to have with fundamental traders. There was an extra little jolt of mid-day weakness when Trump suggested Hassett was out of the running for the Fed Chair nomination, but the day's bond losses would still be better-characterized as gradual and non-event-driven. MBS outperformed yet again for the same old reason (actual and/or anticipated GSE MBS purchases), but nonetheless ended the week at the lows.





Watch the Video

## MBS Morning

10:38 AM Slow Start, Quiet Calendar

Alert

10:51 AM Negative Reprice Risk Increasing

Alert

2:10 PM Negative Reprice Risk Picking Up a Bit

4:14 PM

## Econ Data / Events

- ○ Industrial Production (Dec)
  - 0.4% vs 0.1% f'cast, 0.2% prev

## Market Movement Recap

- 10:58 AM Losing ground from flat, opening levels. MBS down 5 ticks (.16) and 10yr up 4.1bps at 4.215.
- 12:48 PM Off the weakest levels in MBS, now down 3 ticks (.09). 10yr near weakest levels, up 4bps at 4.214
- 02:18 PM Down to new lows. MBS down 5 ticks (.16) and 10yr up 5.6bps at 4.23

## Lock / Float Considerations

- Mortgage rates have clearly met with some resistance when attempting to break below an index level of 6.0% and they pushed up to the highest levels of the week by Friday. With a long weekend ahead and Treasuries finally breaking the naughty side of their trading range, risk aversion is an easier case to

and Treasuries finally breaking the naughty side of their trading range, risk-aversion is an easier case to make. That said, some of this weakness may have simply been position squaring ahead of a 3-day weekend.

### 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	4.228%	+0.054%
2 YR	3.597%	+0.030%
30 YR	4.838%	+0.040%

5 YR

3.822%

+0.054%

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