

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Range Breakout Intensifies. Chicken or Egg?



**Adan Saldana**  
CEO/Loan Originator,  
Laser Mortgage  
**P:** (702) 376-2643  
670 S. Green Valley  
Henderson Nevada 89052  
NMLS 214926



## Range Breakout Intensifies. Chicken or Egg?

**MBS Recap** | Matthew Graham | 4:50 PM

After months spent observing the same old range in the bond market, we're finally in the throes of a confirmed breakout. Unfortunately, the breakout has seen 10yr yields surge almost 10bps above the range ceiling in just 2 days. Technical analysts are high fiving each other because this is a classic breakout event (higher volume, sharper movement in the direction of the breakout). Fundamental traders are saying "not so fast" because there's nothing to say bonds couldn't be in decent shape today without fiscal drama in Japan or spiraling geopolitical tension over Greenland. We got unequivocal confirmation of the latter today when a Danish pension fund said it was pulling out of US Treasuries. That marked the day's biggest volume spike and sharpest selling.

The screenshot shows the MBS Live software interface. On the left, there's a 'TIME PRICING' table for 30yr, 10yr, and 5yr bonds. The 30yr bond table shows a range from 100.38 to 100.79. The 10yr bond table shows a range from 1.02 to 1.06. The 5yr bond table shows a range from 1.02 to 1.03. In the center, there are two 'REAL TIME CHART (USD)' for the 30yr and 10yr Treasury. The 30yr chart shows a price of 106.75 (0.00) with a green line and red dots. The 10yr chart shows a price of 1.8279 (-0.0010) with a green line and red dots. Below the charts is a 'LIVE NEWS STREAM' section with a play button. To the right is a 'LIVE CHAT' window with a list of messages from users like 'Andy Hinkle, Jr.' and 'White House'.



Watch the Video

## MBS Morning

9:36 AM Bonds Brace For Greenland Fallout. Japan Not Helping Either

### Alert

1:47 PM Down by Just Over an Eighth From Highs

3:58 PM

## Econ Data / Events

- ○ ADP weekly jobs
  - 8k vs 11.25k prev

## Market Movement Recap

08:37 AM Sharply weaker overnight as bonds brace for fallout with Europe over Greenland push. 10yr up 6.1bps at 4.285. MBS down nearly 3/8ths of a point.

10:43 AM Bouncing back a bit. MBS down 5 ticks (.16) and 10yr up 4.7bps at 4.27

01:47 PM MBS now down 10 ticks (.31) on the day and almost 6 ticks (.19) off intraday highs. 10yr up 6.2bps at 4.286. No new drama. Just gradual selling.

## Lock / Float Considerations

- Bonds positioned for geopolitical risk over the 3-day weekend, but apparently not enough. Lock/float risks remain asymmetric as a result (rallies would more likely be modest/gradual whereas sell-offs could be faster-paced). This is not directional guidance--merely an assessment that "bad stuff" would probably hurt more than the "good stuff" would help in the near term.

## Technicals/Trends in 10yr (why 10yr)

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

- 4.48
- 4.40
- 4.34
- 4.28
- 4.19
- 4.12
- 4.05

### - Floor/Resistance

- 3.89
- 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	4.294%	+0.071%
2 YR	3.597%	+0.012%
30 YR	4.922%	+0.086%
5 YR	3.860%	+0.045%

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