

# MBS & TREASURY MARKETS

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## MBS Recap: Bonds Recovering a Bit After "Framework of a Deal" on Greenland



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## Bonds Recovering a Bit After "Framework of a Deal" on Greenland

**MBS Recap** | Matthew Graham | 3:44 PM

Geopolitics have been front and center for financial markets over the past 2 days with both stocks and bonds taking clear cues from newswires pertaining to tariff brinksmanship, trade deal negotiations, foreign wealth fund participation, and ultimately, the late-day announcement of a "framework of a deal" regarding Greenland. Details are in short supply, but the most important development being a pause on the plan to implement new tariffs on February 1st. Markets are cautiously trading this as a win for now with stocks and bonds at the best levels of the week, but definitely not back in line with last week's levels.



The screenshot shows the MBS Live interface. On the left, a 'REAL TIME CHART (BOND)' for the 30-Year Treasury is displayed, showing a price of 106.75 (0.00) with a green line and red dots indicating price movement. To the right, a 'REAL TIME CHART (T-BILL)' for the 10-Year Treasury is shown with a price of 1.8279 (-0.0010) and a green line. Below the charts, a large play button is overlaid on the screen. On the right side, there is a 'MBS LIVE CHAT' window with a list of messages from users. At the bottom, there are news feeds and a 'GIVE NEWS STATION' section.



Watch the Video

## MBS Morning

10:47 AM Calmer Day so Far, But No Relief From Recent Rout

3:20 PM

## Econ Data / Events

- - MBA Purchase Index (Jan)/16
    - 194.1 vs 184.6 prev
  - MBA Refi Index (Jan)/16
    - 1580.8 vs 1313.1 prev
  - Pending Home Sales
    - 71.8 vs 79.2 prev

## Market Movement Recap

09:54 AM choppy, sideways overnight session and little-changed so far. MBS up 2 ticks (.06) and 10yr down 1bp at 4.286

01:25 PM reasonably well received 20yr bond auction. 10yr down 3 bps at 4.266 and MBS up an eighth.

02:57 PM Best levels of the day after Greenland-related tariff pause and word of a "deal framework." MBS up 6 ticks (.19) and 10yr down 4.6bps at 4.25

## Lock / Float Considerations

- Geopolitical risks began to ebb on Wednesday with potential Greenland de-escalation. This helps resolve the asymmetry we discussed on Tuesday and possibly creates some favorable asymmetry in the other direction. To reiterate yesterday's important point: asymmetric risk is never intended as a comment on future directional movement, but rather, the relative size of rally potential vs selling potential. On a very short term, tactical note, those floating with lenders who do NOT reprice for the better this afternoon will have a bit of a cushion heading into tomorrow as rate sheets were flat before several lenders began to reprice (and MPS are up roughly 10bps on the day as of 2:30pm).

## 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	4.254%	-0.042%
2 YR	3.593%	-0.004%
30 YR	4.876%	-0.040%
5 YR	3.830%	-0.023%

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