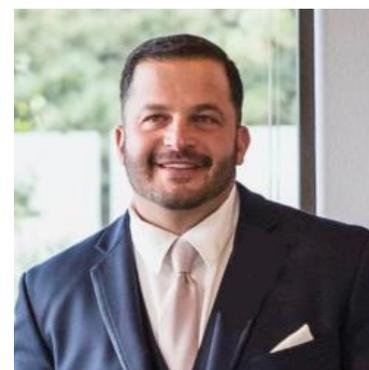


# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.



## MBS Recap: Volatility Eludes Bonds



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## Volatility Eludes Bonds

MBS Recap | Matthew Graham | 4:35 PM

Bonds saw some steady selling pressure earlier in the week, but with the total damage amounting to an average of 2bps per day in 10yr yields, it was anything but volatile. The past 2 trading sessions had more noticeable ups and downs, but they played out in an even narrower range. Friday, specifically, was woefully range-bound with 10yr yields essentially in a 2bp range all day. Balmy PPI data and Fed Chair decisions and historic volatility in certain commodities didn't make any difference. Even the 3pm ET month-end trading barely registered a response despite the typical surge in volume (by far the highest minutes of volume of every month). Next week brings the big ticket econ data and thus a chance for some legit data driven volatility.





Watch the Video

**Alert**

8:35 AM PPI MUCH Higher Than Expected. Limited Selling So Far

**MBS Morning**

10:03 AM Why Don't Bonds Care About The Massive Miss in PPI?

4:20 PM

**Econ Data / Events**

- ○ Core Producer Prices MM (Dec)
  - 0.7% vs 0.2% f'cast, 0% prev
- PPI YoY (Dec)
  - 3.0% vs 2.7% f'cast, 3% prev
- Producer Prices (Dec)
  - 0.5% vs 0.2% f'cast, 0.2% prev

**Market Movement Recap**

- 08:39 AM MBS down about an eighth and 10yr up 1.6bps at 4.252
- 12:22 PM MBS down 2 ticks (.06). 10yr up 1.5bps at 4.251
- 02:34 PM Near strongest levels with MBS down only 1 tick (.03) and 10yr close to unchanged at 4.238
- 04:19 PM Volatility remains elusive into the close. MBS down 2 ticks (.06) and 10yr up up 0.7bps at 4.243

**Lock / Float Considerations**

Mortgage rates have some insulation against broader bond market sell-offs due to GSE MBS purchases



2 YR  
30 YR  
5 YR

3.525%  
4.875%  
3.794%

-0.035%  
+0.020%  
-0.023%

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