

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Data-Driven Sell-Off Dominates The Day. No Jobs Report on Friday



**Charles Davis**

EDGE Home Finance Corporation

[www.edgehomefinance.com](http://www.edgehomefinance.com)  
**M:** (303) 870-6165

284 Spongecake Drive  
Hardeeville SC 29927  
1740379



## Data-Driven Sell-Off Dominates The Day. No Jobs Report on Friday

**MBS Recap** | Matthew Graham | 4:13 PM

Very little changed after this morning's commentary. At the time, we were watching bonds sell-off somewhat sharply in response to an exceptionally strong ISM Manufacturing report. As is often the case with data-driven selling sprees, the worst was over in the first 10 minutes and the rest of the day was broadly sideways. That said, it wasn't without its interesting updates. Chief among them was news that this Friday's jobs report would be postponed due to the government shutdown (and same story with tomorrow's JOLTS data).

The screenshot shows the MBS Live interface. On the left, there's a 'TIME PRICING' section with a table of bond yields for various maturities. The middle section features two 'REAL TIME CHART (1MIN)' for '30yr FOMC 4.0' and '10 Year Treasury'. The treasury chart shows a significant dip followed by a recovery. The right side has a 'REAL TIME CHAT' window with several messages from users. At the bottom, there's a 'LIVE NEWS STREAM' and a 'STOCK REPORTS & PRICES' section.



Watch the Video

## Alert

10:04 AM Selling Off After ISM Data

## MBS Morning

10:19 AM Big Beat in ISM Manufacturing. Bonds Aren't Thrilled

3:47 PM

## Econ Data / Events

- ○ ISM Manufacturing Employment (Jan)
  - 48.1 vs -- fcast, 44.9 prev
- ISM Manufacturing PMI (Jan)
  - 52.6 vs 48.5 fcast, 47.9 prev
- ISM Mfg Prices Paid (Jan)
  - 59.0 vs 60.5 fcast, 58.5 prev

## Market Movement Recap

08:41 AM roughly unchanged after bonds give up overnight gains in early trading. MBS down 2 ticks (.06) and 10yr up half a bp at 4.24

12:02 PM much weaker after ISM, but flat after initial reaction. MBS down 6 ticks (.19) and 10yr up 3.9bps at 3.828

03:28 PM Treading water near weakest levels. MBS down 6 ticks (.19) and 10yr up 4.2bps at 3.831

## Lock / Float Considerations

- Ironically, we've spent the last few weeks waiting on the present week to deliver big ticket econ data only to find that at least 2 of the biggest reports will be delayed due to the government shutdown.

Other data can carry plenty of weight, however, as seen with Monday's ISM reaction. Wednesday is the next focal point with ISM Services and ADP.

## 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	4.281%	+0.046%
2 YR	3.574%	+0.044%
30 YR	4.912%	+0.039%
F-10Y	3.950%	-0.050%

5 YR

3.839%

+0.050%

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