

MBS & TREASURY MARKETS

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



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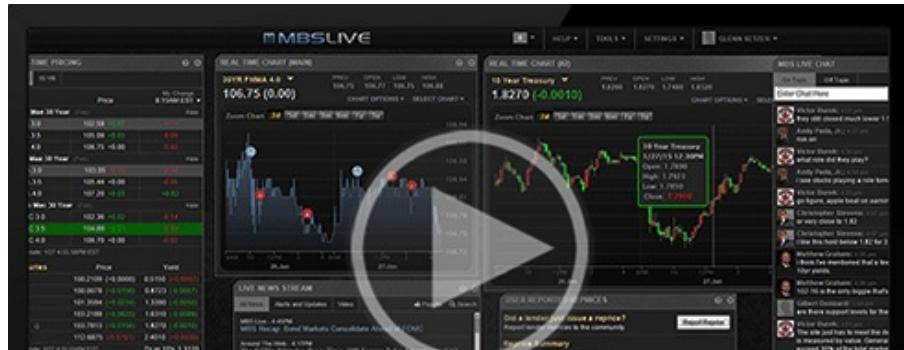
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Data-Driven Sell-Off Dominates The Day. No Jobs Report on Friday

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 software interface. It features several windows: a 'REAL TIME PRICING' window on the left displaying bond yields for various maturities; a 'REAL TIME CHART (Bonds)' window showing a line graph of bond prices over time; a 'REAL TIME CHART (T-Bills)' window showing a line graph of T-bill yields; a 'MBS LIVE CHAT' window on the right with a list of messages; and a 'LIVE NEWS STREAM' window at the bottom with a news article about the government shutdown. A large video player window is overlaid in the center, showing a video of a man speaking.



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")
 - 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	4.281%	+0.046%
2 YR	3.574%	+0.044%
30 YR	4.912%	+0.039%
5 YR	3.828%	+0.050%

5 YR

3.839%

+0.050%

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