

MBS & TREASURY MARKETS

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MBS Recap: No Whammies in Wednesday's Data. JOLTS Rescheduled for Thursday



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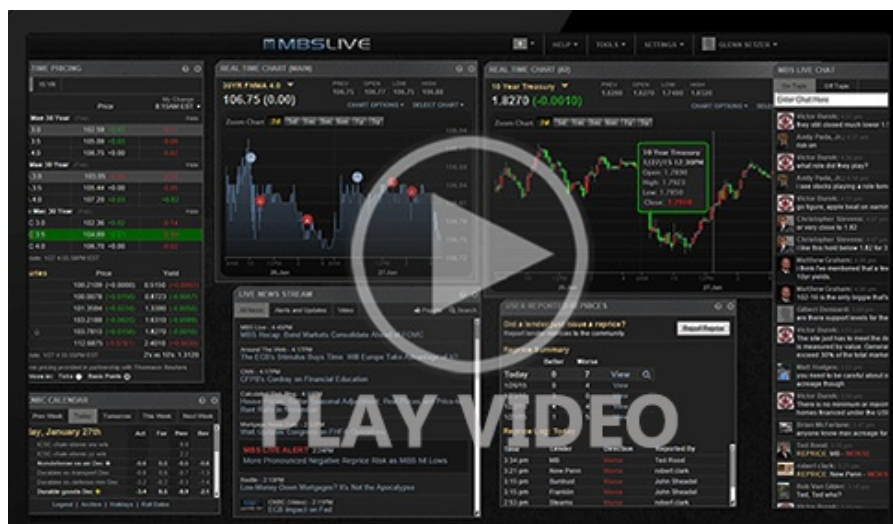
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MBS Recap | Matthew Graham | 3:56 PM

With the big jobs report on hold until next Wednesday, this morning's ADP/ISM duo had to do most of the week's heavy lifting in terms of important econ data. The response was underwhelming, at best. ADP was a complete non-event, but also fairly close to consensus. ISM was mixed and generally helped bonds hold their ground with yields moving down from highs at 10am. The day's range remained inside yesterday's and there were minimal losses by the 3pm close. The JOLTS data that was scheduled for Tuesday will now be coming out on Thursday morning.



MBS Morning

9:01 AM Waiting on ISM Services as Early Data Fails to Inspire

3:07 PM

Alert

3:49 PM MBS Down an Eighth From Highs

Econ Data / Events

- ○ ADP Employment
 - 22k vs 48k f'cast, 41k prev
- ISM Biz Activity (Jan)
 - 57.4 vs 56.0 prev
- ISM N-Mfg PMI (Jan)
 - 53.8 vs 53.5 f'cast, 54.4 prev
- ISM Services Employment (Jan)
 - 50.3 vs 52.3 f'cast, 52.0 prev
- ISM Services New Orders (Jan)
 - 53.1 vs 57.9 prev
- ISM Services Prices (Jan)
 - 66.6 vs 64.3 prev

Market Movement Recap

- 08:24 AM No major reaction to ADP data. MBS down 2 ticks (.06) and 10yr up 0.7bps at 4.27
- 10:03 AM Weaker ISM Services and a slight rally in bonds. 10yr was 4.29, but now down to 4.272. MBS are 2 ticks (.06) off the lows, but still down 2 ticks on the day.
- 02:53 PM MBS down 3 ticks (.09) and 10yr up 1.3bps at 4.276

Lock / Float Considerations

- With Wednesday in the rearview, most of the week's big ticket econ data is out, and it hasn't had a big impact. Gov shutdown postponements mean that Thursday now includes job openings as well as jobless claims. Taken together, these can cause some volatility, but nothing on the scale of the big jobs report which has been rescheduled for next Wednesday.

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 UMB 5.0
 30YR UMB 5.5
 30YR GNMA 5.0
 15YR UMB 5.0

US Treasuries

10 YR 4.278% +0.015%

2 YR	3.559%	-0.010%
30 YR	4.916%	+0.021%
5 YR	3.833%	+0.002%

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