

## MBS Recap: Surprisingly Big Bond Rally Relative to The Data



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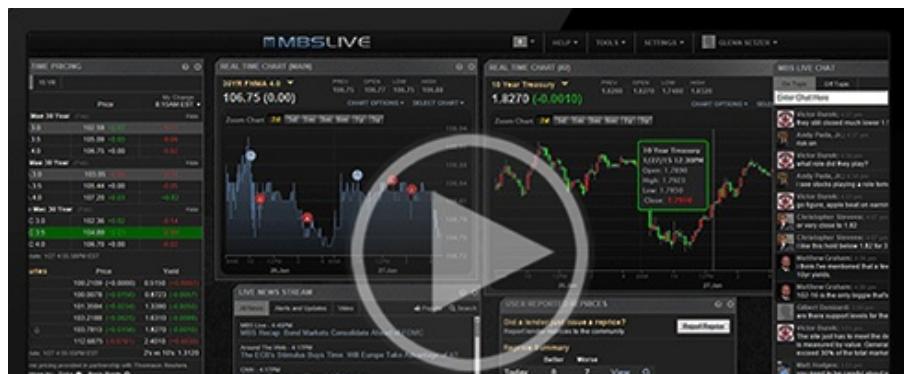
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## Surprisingly Big Bond Rally Relative to The Data

**MBS Recap** | Matthew Graham | 2:55 PM

Bonds went on a bit of a buying spree on Thursday. It was the biggest rally day since November, at least, and that's impressive given the motivations. Specifically, there was a trifecta of downbeat labor market reports (Challenger, Jobless Claims, and Job Openings). Individually, none of these are worth a third of the move we saw today, but the whole was greater than the sum of its parts. There's also a 4th report being traded today: next week's big jobs report. In other words, between yesterday's ISM employment numbers and today's reports, traders are taking a cautious lead-off ahead of the big jobs report. This raises the stakes for volatility next Wednesday morning.



The screenshot shows the MBS Live software interface. On the left, there's a 'TIME PRICING' table for MBS 30 Year bonds, showing various bond prices and yields. The main area features a 'REAL TIME CHART (MBS)' for the 30 Year FOMC 4.0, which is currently at 106.75 (0.00). The chart shows price, open, high, and low over time. To the right of the chart is a 'REAL TIME CHART (TIPS)' for the 10 Year Treasury, showing a price of 1.8279 (-0.0010). Below the charts, there's a 'LIVE NEWS STREAM' and a 'GENERAL REPORTS & PRICES' section. A large play button is overlaid in the center of the screen, indicating a video component.



Watch the Video

## MBS Morning

9:21 AM Stronger Start Thanks to Employment Data

2:01 PM

## Econ Data / Events

- - Continued Claims (Jan)/24
    - 1,844K vs 1850K f'cast, 1827K prev
  - Jobless Claims (Jan)/31
    - 231K vs 212K f'cast, 209K prev

## Market Movement Recap

08:32 AM Modestly stronger overnight with additional gains after AM data. MBS up almost an eighth and 10yr down 4bps at 4.24

10:06 AM Additional gains after JOLTS data with 10yr down 5 bps at 4.228 and MBS up 5 ticks (.16).

01:09 PM Best levels of the day. MBS up a quarter point and 10yr down 7.1bps at 4.207

## Lock / Float Considerations

- Thursday's labor market data got bonds moving in a more serious way. There is no remaining big ticket data this week, but the clear implication is for next Wednesday's jobs report to either endorse a move back into the previous range or reinforce the recent breakout. On a short-term, tactical note, if you're floating with a lender who didn't offer any noticeable improvement today, you're more insulated than normal going into tomorrow.

## 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	4.207%	-0.071%
2 YR	3.480%	-0.075%
30 YR	4.860%	-0.060%
5 YR	3.749%	-0.082%

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