

MBS & TREASURY MARKETS

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MBS Recap: Surprisingly Big Bond Rally Relative to The Data



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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.

PLAY VIDEO

The MBS Live platform interface includes:

- TIME PRICING:** Shows bond prices for various maturities (10, 20, 30 years) and yields.
- REAL TIME CHART (MBS):** Shows the 30Yr FOMO 4.0 price (106.75) and yield (0.00).
- REAL TIME CHART (T-BOND):** Shows the 10 Year Treasury price (1.8270) and yield (0.0010).
- LIVE NEWS STREAM:** Displays headlines and updates, including "MBS Live: 4.0M" and "The ECB Stimulus Buys Time, Will Europe Take Advantage?"
- DISCUSSIONS:** Shows a live chat with users like "Andy Pyle" and "Robert Clark".
- REPORTS & PRICES:** Shows bond reports and prices for various maturities.
- CALENDAR:** Shows the NBC Calendar for the week of January 27th.

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

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