

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

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



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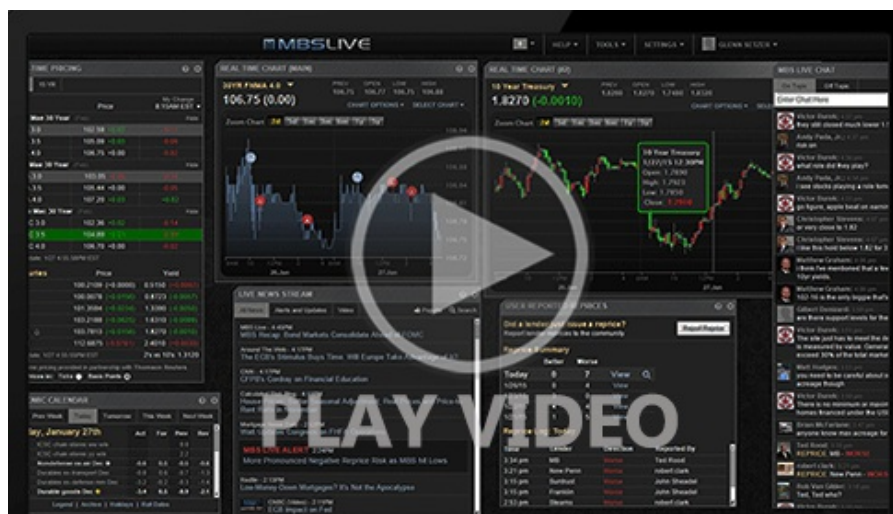
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## Surprisingly Big Bond Rally Relative to The Data

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.



## 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

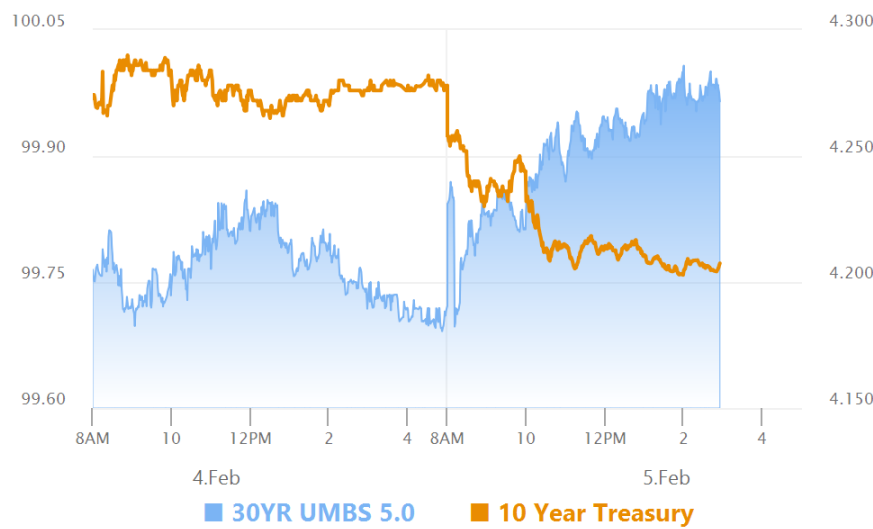
- Thursday's labor market data got bonds moving in a more serious way. There is no remaining big ticket data this week, but the clear implication is for next Wednesday's jobs report to either endorse a move back into the previous range or reinforce the recent breakout. On a short-term, tactical note, 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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