

MBS & TREASURY MARKETS

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MBS Recap: Early Volatility And a Decent Recovery



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Early Volatility And a Decent Recovery

MBS Recap | Matthew Graham | 4:30 PM

Bonds lost ground in the overnight session after Chinese regulators cautioned banks against holding US Treasuries. That move was short-lived and more than fully erased before 9am ET. Part of the bounce back can be attributed to a newswire quoting Hassett saying we should expect slightly lower jobs numbers. Some may view this as telegraphing advanced knowledge of Wednesday's numbers, but that would be highly unlikely based on the typical protocol (Council of Economic Advisors Chair typically gets advance notice the afternoon before a key economic report). It was also arguably [taken out of context](#). The rest of the day was uneventful, sideways, and slightly stronger, with bonds ultimately ending at modestly lower yields. MBS were flat.

PLAY VIDEO

The screenshot shows the MBS Live interface. On the left, a 'TIME PRICING' table for MBS 30 Year bonds is displayed, showing various bond prices and yields. In the center, there are two line charts: '30YR Fixed 4.0' and '10YR Treasury'. The '10YR Treasury' chart shows a significant dip followed by a recovery. Below the charts, a 'LIVE NEWS STREAM' is visible with a headline about the ECB stimulus. On the right, a 'LIVE CHAT' window is open, showing a conversation between users. A large play button is overlaid in the center of the screen.



[Watch the Video](#)

MBS Morning

11:02 AM AM Resilience After Overnight Weakness

3:28 PM

Econ Data / Events

- ○ NY Fed Consumer Inflation Expectations
 - 3.1 vs 3.4 prev

Market Movement Recap

10:15 AM Modestly weaker overnight but mostly erased at 8:20am. 10yr up half a bp at 4.218 and MBS down 2 ticks (.06).

02:27 PM Best levels of the day. MBS up 1 tick (.03) and 10yr down 1.3bps at 4.200

Lock / Float Considerations

- The new week brings additional focus on Wednesday's jobs report (definitely already the focal point of any given month). Gamblers may feel like Hassett spilled the beans on Monday morning when he said we should expect slightly lower jobs numbers, but the associated newswire was largely taken out of context and could even be retrospective. Either way, Wednesday is the big potential volatility day this week.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - 4.48
 - 4.40
 - 4.34
 - 4.28
 - 4.10

- 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	4.201%	-0.012%
2 YR	3.486%	-0.009%
30 YR	4.854%	+0.003%
5 YR	3.744%	-0.009%

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