

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Bonds Close Out Epic Week of Resilience With Friendly Data



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## Bonds Close Out Epic Week of Resilience With Friendly Data

**MBS Recap** | Matthew Graham | 4:13 PM

Friday was a logically friendly day thanks to slightly lower CPI. But no matter what happened on any of the other 4 days, this week was all about bonds ending up at much stronger levels in spite of a jobs report that should have sent rates higher on Wednesday. Ironclad justification remains impossible, but the leading theory involves heavy liquidation mode in stocks/commodities on Thursday. Holiday weekend positioning could also be a factor. As such, we'll learn a lot more next Tuesday--especially if stocks find a reason to stage a big bounce.

The screenshot shows the MBS LIVE interface. On the left, a 'TIME PRICING' table for 30-Year Treasuries is displayed, showing various yields and changes. In the center, a 'REAL TIME CHART (30Y)' for the 30-Year Treasury is shown, with a play button overlaid. The chart displays price action from 106.75 to 106.80. To the right, a 'REAL TIME CHART (10Y)' for the 10-Year Treasury is shown, with a price of 1.8270 and a change of -0.0010. A green box highlights the 10-Year Treasury chart. Below the charts, a 'LIVE NEWS STREAM' is visible, and a 'GENERAL REPORTS & PRICES' section shows a summary of bond yields. The bottom of the screen features a large 'PLAY VIDEO' button.



Watch the Video

## Update

8:32 AM First Move is Stronger After CPI

## MBS Morning

9:55 AM Bonds Rally, Ignoring Surge in SuperCore CPI

2:24 PM

## Econ Data / Events

- ◦ m/m CORE CPI (Jan)
  - 0.3% vs 0.3% f'cast, 0.2% prev
- m/m Headline CPI (Jan)
  - 0.2% vs 0.3% f'cast, 0.3% prev
- y/y CORE CPI (Jan)
  - 2.5% vs 2.5% f'cast, 2.6% prev
- y/y Headline CPI (Jan)
  - 2.4% vs 2.5% f'cast, 2.7% prev

## Market Movement Recap

12:45 PM Stronger After CPI and sideways since then. MBS up roughly and eighth and 10yr down 4bps at 4.06

01:52 PM Losing ground modestly. MBS still up 2 ticks (.06) and 10yr still down 3.5bps at 4.066

02:58 PM MBS up an eighth and 10yr down 4.7bps at 4.053

## Lock / Float Considerations

- Thursday night was a coin flip for locking/floating. It ended up being rate-friendly thanks to CPI, but the moderate gains suggest the mystery momentum that fueled an impressive week for bonds is starting to wane. Risk averse clients continue to favor locking in these scenarios, especially with rates basically

wane. Risk-averse clients continue to favor locking in these scenarios--especially with rates basically matching 3.5-year lows. Risk-tolerant clients have that much more room to set overhead lock triggers.

## 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	4.049%	-0.051%
2 YR	3.409%	-0.044%
30 YR	4.696%	-0.041%
5 YR	3.603%	-0.053%

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