

MBS & TREASURY MARKETS

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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 MBS Live interface displays real-time financial data and analysis. It includes a 'REAL TIME CHART (30YR)' for the 30-Year Fixed rate, which shows a price of 106.75 (0.00) with a green line indicating an increase. Another chart for the 10 Year Treasury shows a price of 1.8279 (-0.0010) with a green line. A 'LIVE NEWS STREAM' section is visible, along with a 'LIVE REPORTER PRICES' section showing current bond yields. A 'LIVE CHAT' window on the right is active with multiple users. A large play button is overlaid on the interface, and the text 'PLAY VIDEO' is prominently displayed in the center.

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 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")

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

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