

# MBS & TREASURY MARKETS

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## MBS Recap: Half-Hearted Correction Continues



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## Half-Hearted Correction Continues

MBS Recap | Matthew Graham | 4:21 PM

Don't call it a correction. Yields may have rallied 30bps in just over a week and apparently bounced almost perfectly at 4% (10yr), but they haven't exactly done much over the past 2 days. It's just as fair to say things are "sideways and waiting for guidance," but the cautious approach is to respect the almost-too-obvious technical patterns in play since July. Specifically, bonds have rallied 25-30bps and then consolidated toward slightly higher levels on multiple occasions. This could be the beginning of another similar pattern, but anything is possible if data is gloomy over the next 2 days (especially Friday). Today's data was modestly unfriendly with core durable goods at 0.6 vs 0.4 and a lackluster 20yr bond auction (not typically a market mover, but added some pressure today).

The screenshot displays the MBS LIVE interface. On the left, there's a 'TIME PRICING' section for MBS 30 Year bonds, showing yields from 3.3% to 4.0%. The middle section features 'REAL TIME CHARTS' for MBS 30 Year, MBS 10 Year, and 10 Year Treasury, each with a candlestick chart and a play button overlay. To the right, there's a 'MBS LIVE Chat' window with a scrollable history of messages. At the bottom, there's a 'PLAY VIDEO' button and a news summary about the ECB's stimulus buy-backs.

Watch the Video

11:06 AM Key Technical Level, But Does it Matter?

3:23 PM

## Econ Data / Events

- - MBA Purchase Index (Feb)/13
    - 157.1 vs -- fc'ast, 161.5 prev
  - MBA Refi Index (Feb)/13
    - 1375.9 vs -- fc'ast, 1284.6 prev
  - Core Durable Goods (Dec)
    - 0.6% vs 0.4% fc'ast, 0.7% prev
  - Durable goods (Dec)
    - -1.4% vs -2% fc'ast, 5.3% prev
  - Housing starts number mm (Dec)
    - 1.404M vs 1.33M fc'ast, -- prev
  - Housing starts number mm (Nov)
    - 1.322M vs -- fc'ast, 1.246M prev

## Market Movement Recap

- 08:33 AM Roughly unchanged overnight and no major reaction to 830am data. MBS unchanged and 10yr up half a bp at 4.064
- 01:21 PM Slightly weaker after 20yr auction. 10yr yields up 2.2bps at 4.082. MBS unchanged after being up 3 ticks (.09).
- 02:09 PM zero reaction to Fed Minutes. MBS unchanged and 10yr up 2bps at 4.081

## Lock / Float Considerations

- With bonds failing to build on last week's gains, there's an increased sense of technical resistance at the 4% mark in 10yr yields. One could also consider that yields have been roughly limited to 25bp rallies and have tended to see some correction after every example going back to July 2025. This set-up is a bit more defensive than average, but anything is possible if econ data is gloomy over the next 2 days.

## 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	4.083%	+0.024%
2 YR	3.464%	+0.022%
30 YR	4.709%	+0.018%
5 YR	3.650%	+0.021%

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