

MBS & TREASURY MARKETS

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MBS Recap: Calmly Holding in Super Strong Territory



Brian Borchard

Managing Director
National Sales & Recruiting,
1st 2nd Mortgage Company
of NJ, Inc.

P: (201) 681-9785

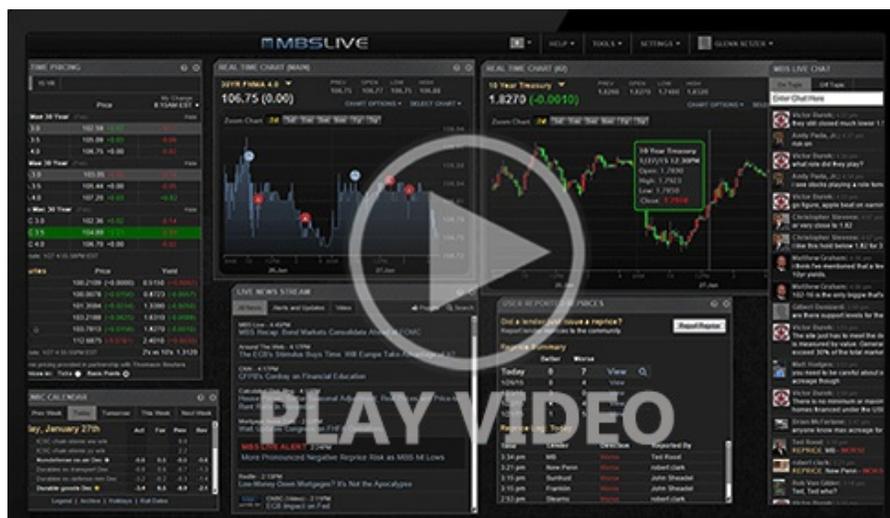
M: (201) 681-9785

50 Spring St.
Cresskill NEW JERSEY 07626
91047

Calmly Holding in Super Strong Territory

MBS Recap | Matthew Graham | 4:15 PM

MBS may not be quite as high as they were yesterday, but in the bigger picture, today's levels are right in line with the best we've seen in more than 3 years. More importantly, mortgage rates are verifiably at the best levels in more than 3 years. There was no major volatility or any remarkable econ data. Tomorrow's calendar is similarly quiet. Stock/bond correlations broke down in the afternoon, but as bonds search for any sources of guidance, that correlation could certainly return if stocks are making bigger moves.



MBS Morning

9:31 AM Slower Start, More Sideways. Stock Lever in Play

4:11 PM

Econ Data / Events

- ○ ADP Weekly Payrolls
 - 12.75k vs 10.25k prev
- Case Shiller Home Prices-20 y/y (Dec)
 - 1.4% vs 1.4% f'cast, 1.4% prev
- CaseShiller 20 mm nsa (Dec)
 - -0.1% vs -- f'cast, 0% prev
- FHFA Home Price Index m/m (Dec)
 - 0.1% vs 0.3% f'cast, 0.6% prev
- FHFA Home Prices y/y (Dec)
 - 1.8% vs -- f'cast, 1.9% prev
- Consumer Confidence
 - 91.2 vs 87.0 f'cast, 89.0 prev

Market Movement Recap

- 08:57 AM Mostly flat overnight and not much movement so far. MBS down 1 tick (.03) and 10yr up 0.8bps at 4.04
- 01:49 PM Modest recover after AM weakness. MBS down 1 tick (.03) again after being down 3 ticks (.09) at 10am. 10yr down 0.3bps at 4.030
- 03:47 PM Losing ground modestly into PM. MBS down 2 ticks (.06) and 10yr up half a bp at 4.038

Lock / Float Considerations

- Bonds erring on the stronger side of the prevailing range to start the new week, ostensibly due to general trade-related uncertainty. Much like 3 weeks ago (when we said bonds would need convincing

2 YR
30 YR
5 YR

3.465%
4.688%
3.601%

+0.016%
-0.016%
+0.015%

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