

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Weaker Start, But Traders Buying The Dip

Big picture momentum has been calmly but clearly skewed toward higher yields for almost 10 months. There have been a few attempts to bounce at technical ceilings along the way up from 4.0% 10yr yields (4.3%, 4.42%, and 4.75%). August has been mostly sideways near the longer-term highs, but the first two days of this week have set up another challenge of the 4.75% technical ceiling. From a simple "value buying" standpoint, there's always some magical line in the sand where investors will conclude yields are high enough to constitute a good buying opportunity. Over the past several years, this magic ceiling has ranged between 4.7 and 5.0. We've definitely seen some value buying in August for similar reasons, and 4.75% has filled that role so far this morning. Bottom line: bonds are back to unchanged after 10s hit 4.748% before the open. There's no other obvious way to justify the recovery apart from "dip buying."



Chris Styner

Mortgage Broker, Eagle
Platinum Mortgage

P: (800) 763-7154 x3

M: (951) 805-4992

broker@eagleplatinummortgage.com

43950 Margarita Road
Temecula CA 92592

