

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Still a Resilient Day Despite Afternoon Weakness



Brian Walters

Vice President, Eagle Bank Mortgage

www.brianwaltershommelending.com

P: (662) 298-8554

M: (901) 438-1901

bwalters@eaglebank.mortgage

210 E Commerce St Suite 3
Hernando MS 38632

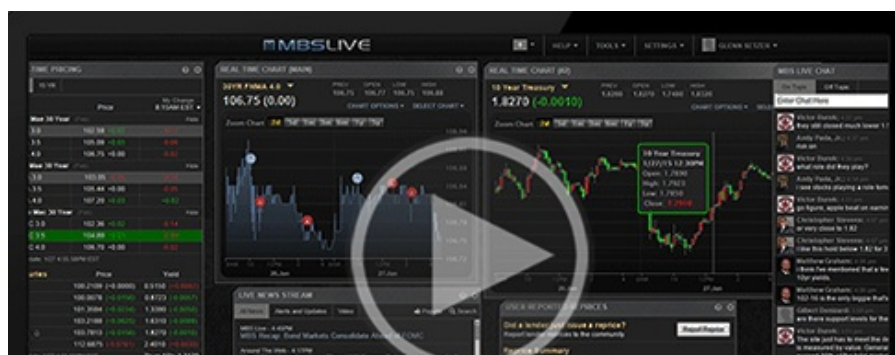
NMLS #419389



Still a Resilient Day Despite Afternoon Weakness

MBS Recap | Matthew Graham | 4:23 PM

The day's most notable development, by far, was the speech from Fed Governor Waller in which he said the Fed probably didn't need to hike at the upcoming meeting (depending on data, of course). Fed Funds Futures reacted immediately and mostly held those gains all day. The longer end of the curve ended up giving back most of the initial gains, albeit very gradually. The net effect is that we're still in "wait and see" mode--but a slightly less painful version--ahead of Friday's jobs report and next week's inflation data.





Watch the Video

MBS Morning

9:56 AM Some Signs of Resilience

Alert

3:40 PM MBS Down an Eighth From Mid-Day Highs

4:09 PM

Econ Data / Events

- - o Continued Claims (Aug)/22
 - 1779.0K vs -- f'cast, 1778K prev
 - o Jobless Claims (Aug)/29
 - 206.0K vs 205K f'cast, 203K prev
 - o Trade Gap (Jul)
 - -88.60B vs \$-90B f'cast, \$-73.3B prev
 - o Unit Labour Costs QoQ FinalQ2
 - 1.2% vs 1.3% f'cast, 1.3% prev

Market Movement Recap

- 09:20 AM Slightly stronger overnight with additional gains after Waller speech. MBS up a quarter point and 10yr down 3.6bps at 4.744
- 10:10 AM Off best levels. MBS up 5 ticks (.16) and 10yr down 2.2bps at 4.758
- 01:33 PM MBS up 6 ticks (.19) and 10yr down 2.5bps at 4.756

Lock / Float Considerations

8/2/22 Promising realtor says oil prices in overnight trading were pulled up by afternoon weakness

- 9/3/26 -Promising resilience versus oil prices in overnight trading was replaced by afternoon weakness that undid much of the positive messaging. Still, combined with Waller comments, it amounted to a glimmer of hope for a supportive bounce in the bigger picture. Ultimately, that bounce would depend on data like tomorrow's jobs report and next week's inflation data. Additionally, just because we saw some resilience today doesn't mean bonds would ignore any major impacts from war headlines going forward. Bottom line: still a high risk environment.

Technicals/Trends in 10yr (why 10yr)

- **Ceiling/Support** (can be used as "lock triggers")
 - o 4.80
 - o 4.71
- **Floor/Resistance**
 - o 4.42
 - o 4.54
 - o 4.62

MBS & Treasury Markets



MBS

30YR UMBS 5.5	+
30YR UMBS 6.0	+
30YR GNMA 5.5	+
15YR UMBS-15 5.0	+

US Treasuries

10 YR	4.772%	-0.009%
2 YR	4.340%	-0.038%
30 YR	5.252%	-0.006%
5 YR	4.521%	-0.010%

5 TR

4.521%

+0.010%

Open Dashboard

Share This