

MBS & TREASURY MARKETS

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MBS Recap: Surprisingly Light Selling Given The Econ Data



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MBS Recap | Matthew Graham | 4:53 PM

Today's market reaction to the big beat in NFP (162k vs 56k) certainly stretches the paradigm of most market watchers who've been in the game for more than a few years, but this has been the reality over the past year or two. Relatively rapid changes in labor force trends (and ongoing changes in seasonal distortions) have made the job count a less precise measurement of labor market health than it once was. Meanwhile, the unemployment rate has been far more insulated from that volatility (and far less prone to big beats/misses compared to NFP). This doesn't mean NFP doesn't matter. Clearly, it does. It just didn't hit bonds quite as hard as you might expect. Very early in the day, attention turned to the 3-day weekend and next week's inflation data. The modest increase in yields was an incidental byproduct.

Lock / Float Considerations

- 9/4/26 - More data ahead next week with highly consequential CPI/PPI mid-week. In addition, the combination of ongoing war headlines risk and the absence of any significant recovery mean that a defensive strategy continues to make the most sense until something definitively changes.

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	4.784%	+0.015%
2 YR	4.371%	+0.029%
30 YR	5.243%	-0.006%
5 YR	4.547%	+0.028%

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