MBS Recap: Thursday's Rally Sets Up For a Very Interesting Friday

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MBS Recap Matthew Graham | 4:44 PM

Of course we had to have a big, interesting move in the bond market on the day before an economic report also famous for causing big, interesting moves. On such occasions, if Friday delivers on "interesting" it will either negate today's bullishness or add to it in a way that makes today retroactively look like an obvious near-term top in rates. There's no way to know enough about today's rally to conclude that--let alone the unknowable results of the jobs report and the ensuing reaction. All we know: today was a win. If more wins follow, we can talk more about bigger picture supportive ceilings.

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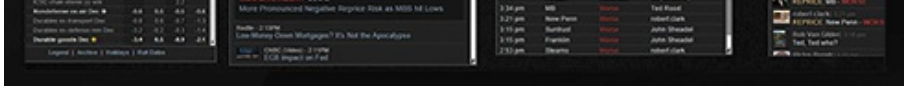

Watch the Video

Alert

10:03 AM Losing Ground After ISM Data

MBS Morning

10:35 AM No Love From October So Far, But The Day's Not Over

Update

10:43 AM Bouncing Back Now

4:28 PM

Econ Data / Events

- Continued Claims (Sep)/19
  - 1,701K vs 1730K f'cast, 1719K prev
- Jobless Claims (Sep)/26
  - 197K vs 200K f'cast, 197K prev

Market Movement Recap

09:04 AM Another round of 8:20am selling erases small overnight gains. 10yr up 1.6bps at 5.303 and MBS up 3 ticks (.09).

01:05 PM Big intraday reversal (in a good way). European credit spreads could be a factor as well as short-covering ahead of jobs report and new-month trading. MBS up 3/8ths and 10yr down 7bps at 5.218

Lock / Float Considerations

- 10/1/26 - Thursday's rally is the sort of thing that starts the clock on the game titled "is this a bounce?" In insolation, it's just one of those random recoveries amidst a sea of red. Too risky to treat it as a sign of a shift on the eve of the jobs report, even though a weak jobs report could be capable of confirming a near-term top in rates. (NOTE: that's a BIG "if," and it's not even a 50/50 chance... more like a 15% chance. Reasons are discussed in today's video).

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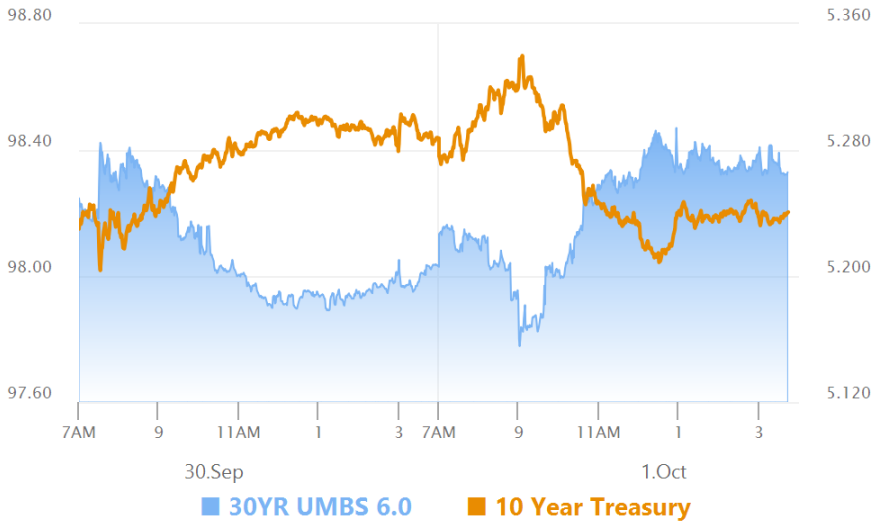
Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 5.41
  - 5.34

- Floor/Resistance
  - 4.83
  - 4.93
  - 5.00
  - 5.14
  - 5.29

MBS & Treasury Markets



MBS	
30YR UMBS 6.0	+
30YR UMBS 6.5	+
30YR GNMA 6.0	+
15YR UMBS-15 5.0	+

US Treasuries		
10 YR	5.241%	-0.046%
2 YR	4.789%	-0.110%
30 YR	5.611%	-0.021%
5 YR	5.010%	-0.083%

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