

MBS & TREASURY MARKETS

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



Northeast Financial LLC

www.northeast-mortgage.com

P: (844) 788-7237

48 Meriden Rd, Suite 1
Middlefield CT 06455

NMLS# 117273



Chris Nielson

President, Northeast
Financial, LLC

www.northeast-mortgage.com

M: (860) 499-4211

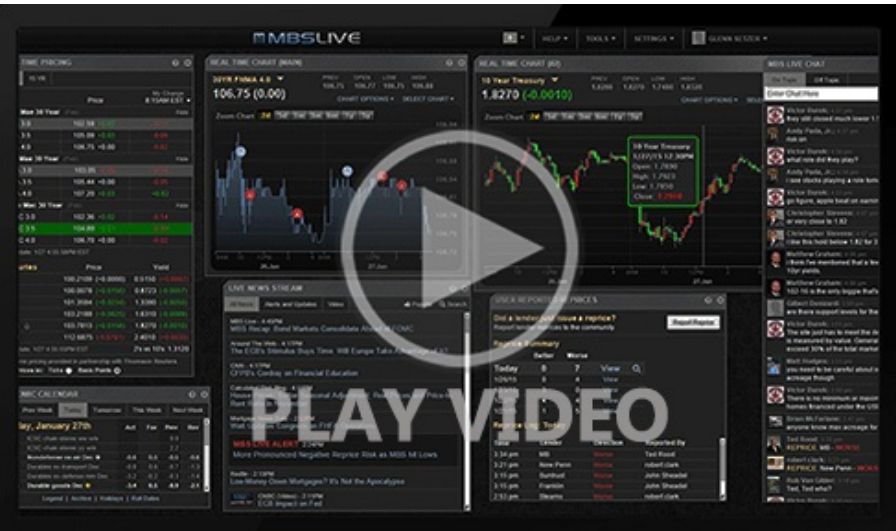
cnielson@northeast-mortgage.com

NMLS# 1055228

Thursday's Rally Sets Up For a Very Interesting Friday

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 a 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.



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 isolation, 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).

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 5.41
 - o 5.34
- Floor/Resistance
 - o 4.83
 - o 4.93
 - o 5.00
 - o 5.14
 - o 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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