

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Why Bonds Sold Off Despite Weaker Jobs Report



Craig Garcia

President, Capital Partners
Mortgage Services, LLC

P: (954) 271-2024

M: (561) 252-2532

1515 N University Dr #102D
Coral Springs FL 33071
#653593



Andrew Sesta

Realtor, The Keyes
Company

www.eastcoastfloridarealestate.com

P: (772) 285-8702

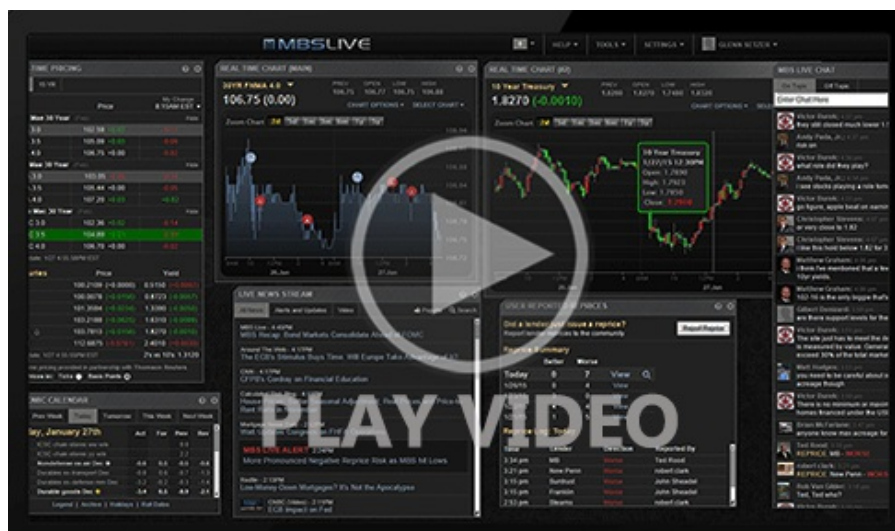
M: (772) 285-8702

andrew@sestasalesteam.com



Why Bonds Sold Off Despite Weaker Jobs Report

First off, read the AM commentary if you haven't already. This recap doesn't add much to that (but the video adds a lot). Bottom line, NFP was weaker, but that was the worst of the news. The unrounded unemployment rate barely budged and it would have moved LOWER (under 4.00%) were it not for the uptick in labor force participation. Higher oil prices contributed a bit to intraday weakness as did a recovery in French credit spreads. At the end of the day, this wasn't the jobs report that sowed any seeds of doubt about cracks showing in the labor market.



[Watch the Video](#)

Update

8:33 AM First Move is Stronger After NFP Comes in Weak

MBS Morning

9:36 AM Why Bonds Aren't More Excited About The Jobs Report

Alert

10:36 AM MBS Down a Quarter From Highs

Alert

11:00 AM More Reprice Risk Now

3:36 PM

Econ Data / Events

- ○ Average earnings mm (Sep)
 - 0.1% vs 0.3% f'cast, 0.3% prev

- Non Farm Payrolls (Sep)
 - 29K vs 90K f'cast, 162K prev
- Participation Rate (Sep)
 - 61.8% vs -- f'cast, 61.6% prev
- Unemployment rate mm (Sep)
 - 4.2% vs 4.1% f'cast, 4.1% prev

Market Movement Recap

- 10:06 AM Initially much stronger after NFP, but dialing back a bit. MBS up a quarter point and 10yr down 4.1bps at 4.198
- 02:31 PM MBS now down a quarter point and 10yr up 4bps at 5.28. Cooler heads prevail on jobs report reaction and EU credit spreads

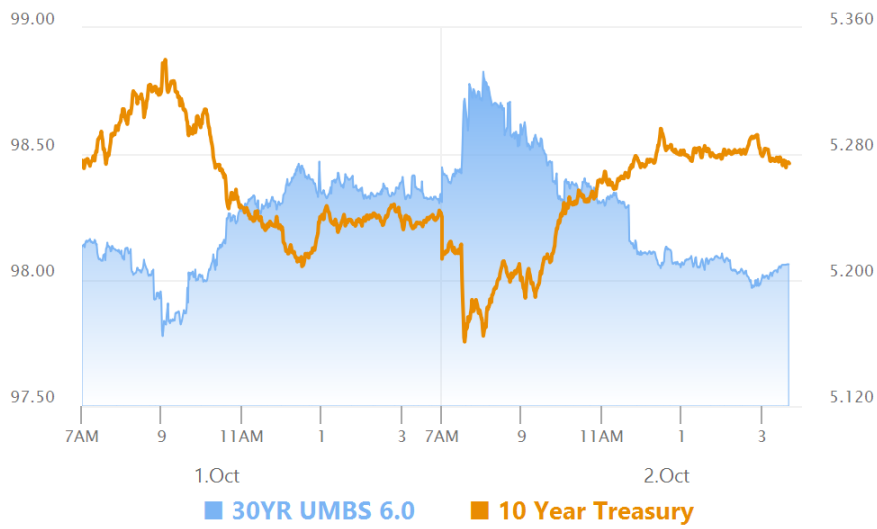
Lock / Float Considerations

- 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).

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	5.278%	+0.040%
2 YR	4.826%	+0.032%
30 YR	5.612%	-0.007%
5 YR	5.059%	+0.051%

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