# MBS Recap: Why Bonds Sold Off Despite Weaker Jobs Report

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## Why Bonds Sold Off Despite Weaker Jobs Report

MBS Recap Matthew Graham | 4:41 PM

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.

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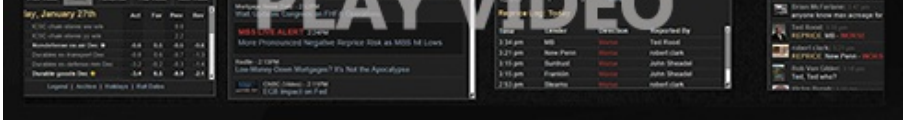


Watch the Video

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

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## Lock / Float Considerations

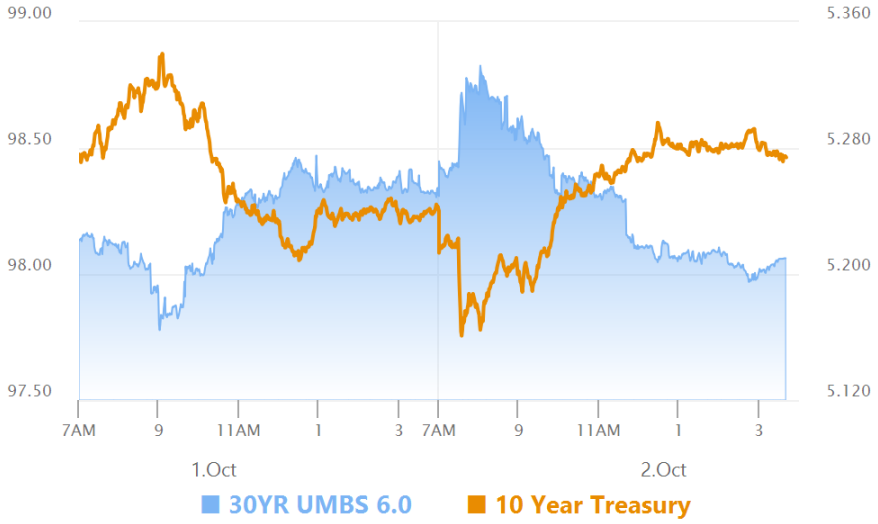
- 10/1/26 - Thursday's rally is the sort of thing that starts the clock on the game titled "is this a bounce?" In insolation, it's just one of those random recoveries amidst a sea of red. Too risky to treat it as a sign of a shift on the eve of the jobs report, even though a weak jobs report could be 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 | + |

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| 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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