MBS & TREASURY MARKETS
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MBS Recap: Very Strong Showing For Bonds Considering The Headwinds



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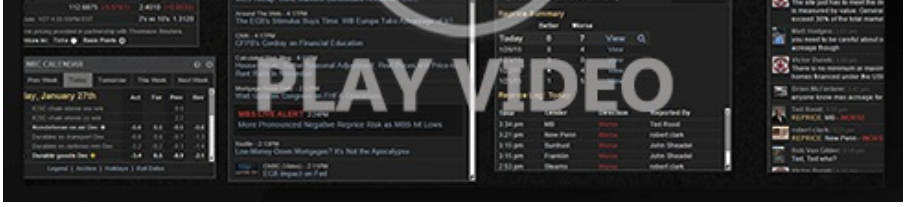
Very Strong Showing For Bonds Considering The Headwinds

MBS Recap Matthew Graham | 3:53 PM

There were two major headwinds in play for the bond market today. Most obviously, the jobs report was very strong--something that would normally push rates logically and obviously higher. One can only run through a list of potential explanations to fit that paradoxical result (unemployment rate wasn't as far from forecasts, election impact still being weighed, tech stocks didn't bounce big, stale data if mid-October marked a shift in economic momentum) but mind you, no one would have pointed to these things as reasons for bonds to completely defy the jobs report if they had to guess at the impact ahead of time. The second headwind was the absence of additional selling in tech stocks. This one could go both ways. On on hand, the NASDAQ is higher than it was yesterday afternoon. On the other hand (and to reiterate a bullet point above) it didn't stage any sort of impressive recovery. The net effect for bonds was modest weakness although things would have been weaker were it not for mid-day news regarding Microsoft winding down a deal to rent AI cloud compute from Oracle.



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MBS Morning

9:25 AM Super Strong Jobs Report NOT Hitting Bonds Like You'd Expect

Alert

9:56 AM Down an Eighth From AM Highs

3:19 PM

Econ Data / Events

- Non Farm Payrolls (Oct)
  - 165K vs 65K f'cast, 29K prev
- Participation Rate (Oct)
  - 61.9% vs -- f'cast, 61.8% prev
- Unemployment rate mm (Oct)
  - 4.1% vs 4.2% f'cast, 4.2% prev

Lock / Float Considerations

- 11/6/26 - It was encouraging to see bonds hold mostly steady despite a slight recovery in tech stocks and despite the strong jobs data. Risk tolerant clients who've been following the recent downtrend in rates found no reasons to second guess their strategy. Major additional progress continues to depend on deeper tech turmoil.

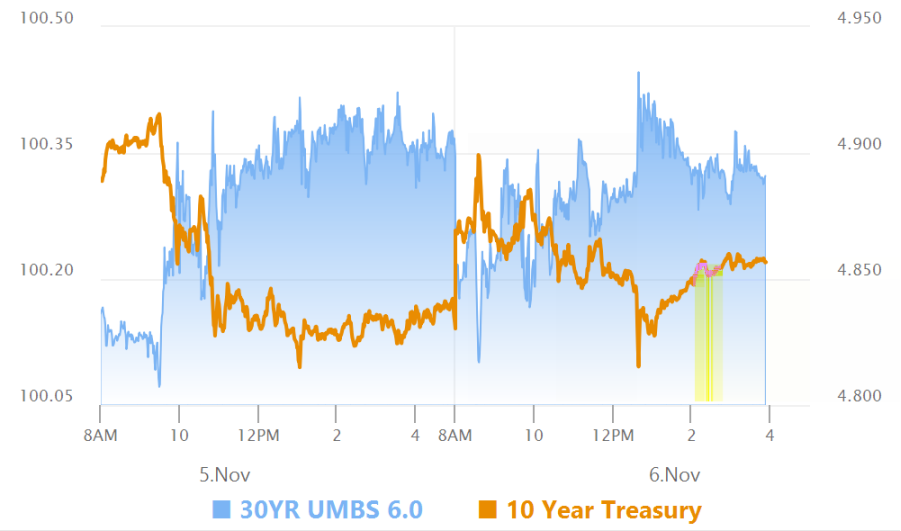
Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 5.27
  - 5.14
  - 5.07
  - 5.00
  - 4.93

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- Floor/Resistance
  - 4.75
  - 4.82
  - 4.88

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	4.857%	+0.022%
2 YR	4.514%	+0.053%
30 YR	5.260%	+0.005%
5 YR	4.644%	+0.043%

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