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MBS Recap: One Of Those Calm Days That Almost Makes You Wonder

MBS gained a quarter of a point today and 10yr yields fell more than 3bps despite stock market gains (albeit from yesterday's weak closing levels) and ample corporate bond market issuance. That might lead to some small amount of optimism or relief were it not for the fact that yesterday saw bond markets close at the weakest levels in more than 4 years.

In other words, today was **just another** one of those "good" days that we're bound to encounter as the broader trend toward higher rates forges on.

Will the forging stop at some point? Yes, of course, but nothing about today suggests it will be any time soon.

Could it still be some time soon? Yes, that's always POSSIBLE, but if such a thing were to happen, it stands a far greater chance of being a temporary correction in the bigger picture.

The point is that the we'll be waiting for much bigger gains over the course of several days (probably weeks) before being able to conclude that anything new and different is happening for bonds. Lenders know this, so it doesn't make much sense for them to aggressively improve rate sheet offerings on days like today.

As for the **specifics**, none of this morning's economic data made a difference for intraday trading (nor would we have expected it to). The 7yr auction was also a dud (typical). That left the increasingly volatile 2pm time frame as the only interesting time of day for bonds. Even then, it wasn't too interesting, but there was some bid vs. ask volatility in MBS that made for some interesting discussion for those who haven't witnessed quarter point swings in MBS prices that aren't actually real (discussed in greater detail in [this update](#) on MBS Live).

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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.37	+0.30
MBS GNMA 6.0	100.35	+0.27
10 YR Treasury	4.6645	-0.0394
30 YR Treasury	4.7739	-0.0400

Pricing as of: 4/26 5:05PM EST

