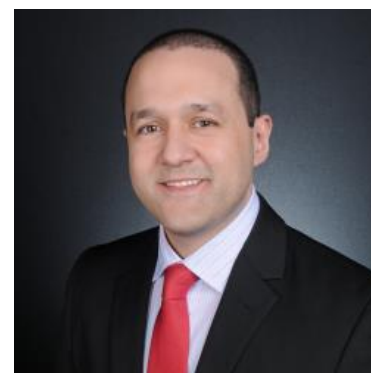


MBS & TREASURY MARKETS

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MBS Recap: No New Inspiration Ahead of Thursday's CPI



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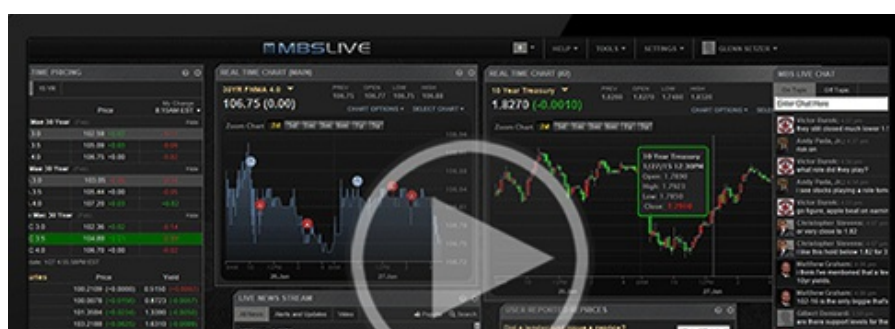
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No New Inspiration Ahead of Thursday's CPI

MBS Recap | Matthew Graham | 4:04 PM

We've officially run out of ways to characterize the boring, sideways grind in the bond market that's been intact since last Friday afternoon. One would think that with Fed Chair testimony and a Treasury auction cycle that we'd at least have some moderate volatility, but alas! Perhaps the market is saving it all for Thursday's CPI. For those that have to know what happened today, there was a 10yr Treasury auction. It was well-received but not stellar enough to inspire any new buying. Fed Chair Powell reiterated the same messages as yesterday and markets cared even less. As always, CPI means rates could go either way, in a big way.





Watch the Video

MBS Morning

11:07 AM Another Sideways Start Meets Another Light Calendar

Market Movement Recap

- 10:06 AM Modestly stronger overnight but giving back some gains into the 10am hour. MBS up 1 tick (0.03) and 10yr down 1.2bps at 4.285.
- 01:06 PM 10yr auction was pretty good. No major reaction. 10yr down 1.8bps at 4.278. MBS up 3 ticks (.09).
- 03:54 PM Flat and boring all day. 10yr down 1.8bps at 4.279. MBS up 2 ticks (.06).

Lock / Float Considerations

- Nothing has changed since the jobs report. Rates rallied on Friday and have been waiting for CPI ever since. Risk/reward is massively elevated heading into CPI. Directionality is a coin flip, as always.

Technical/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.57
 - o 4.49
 - o 4.35
 - o 4.30
- Floor/Resistance
 - o 4.07
 - o 4.19



MBS

30YR UMBS 6.0		+
30YR UMBS 6.5		+
30YR GNMA 6.0		
15YR UMBS-15 5.0		

US Treasuries

10 YR	4.280%	-0.017%
2 YR	4.621%	-0.007%
30 YR	4.469%	-0.023%
5 YR	4.236%	-0.006%

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