Daily Coverage. Industry Leading Perspective.

# MBS Recap: Very Restrained Bond Rally Considering The Data's Implications



First World Mortgage First World Mortgage www.firstworldmortgage.com 127 Prospect Avenue West Hartford CT 06106



# Very Restrained Bond Rally Considering The Data's Implications

MBS Recap Matthew Graham | 4:38 PM

Today's CPI data was hotly anticipated, to say the least, and it did a borderline heroic job of advocating for a huge drop in rates. Not only did the core M/M number drop to an unrounded 0.065 (implies core annual inflation UNDER 1.0%) but shelter inflation dropped to the lowest levels since the start of the pandemic, roughly in line with the bottom of the pre-pandemic range. Those ingredients would have allowed the market to cook up a much bigger rally than we saw today, even though we saw the 2nd biggest mortgage rate drop in 2024. A slower pace is more sustainable. Markets want to do things right this time.

er a prostana e substance		· · · · · · · · · · · · · · · · · · ·	
	MMBSLIVE	🖬 *	
THE PROVS	O O TREAL THE CHART MAN	0.0 (HEAL THE CHART \$4)	MES LIVE OWN
a.w.	DETERMINANT PROPERTY AND ADDR	10 Year Departury W Price Area Line relat	COTON OF MAN
Page 81100	106.75 (0.00) tot./5 tot./5 tot./5 tot./5		DRF Out Tex
Not 36 Year 1	Test Description of the test that the test that	Josep Dark Mr THE THE THE THE THE THE THE	alking Dariely a strate
		LTH. THE CALL IN THE THE THE THE THE THE THE THE THE	Tay still closed much lower
			And Parks, Style 1 and
K0 10675-030 430		18 fee freeze	Con Data Datak 1 man
fee 10 flag:	100 III	Care LAND	and the delivery page?
			Anty Parts, All Colors
15 105.44 -0.00 AUS		I A A A A A A A A A A A A A A A A A A A	The set study playing a rule t
10 10/20 1110 1010		Conc 1 Min .	an torn apple beaf of sa
Red 30 Treet (2000)			Christopher Erverni + 17
			or way close to 1 M2
35 10428 111 0.00			Christianer Sevensi 117
			The Dates of Lot A
	The standard management of the standard standard standard standard standard standard standard standard standard		Battlere Grahami in Huper
ries Pos Yes	Also Files	the start of the start was to start the	10er patitis
10021092488000 8311014		A. 100	Matthew Grahami + 11 pm
	ANY NEWS STREAM		💐 102 tri a Be arty legge B
		These Distance Process 0.0	Gilbert Dentardi 110 pr.
		Del a lander and source a reprice?	an here apport were for
<ul> <li>METERS (CONS) CADA (C</li> </ul>	10101 WESTINGS Dire Markets Canadidate Arriver 10/00/C	Reporting and an internet in the second second	The site bareful to an interest the
100000 (0000) 2404 (0	Annual Tax and a 1204	Page 1 (1999)	is measured to value Gere
an hit a to convect 24 on 104 1	The ECE's Dendus Tuys Term Hill Europe Take Alberta and Li	100 mm	exceed 10% of the total mar
er prine providel in performing alle Thamasan Royle Rosa Bil: Tatla 🖨 Rosa Parts 🖗	Contraction of Contraction	Today 6 7 View Q	The finite and and also
MCOLINGAR	O O House and a summer Adapter Dates of Page		State Land
Parties Tangent Tangent	Nutries and a second		Nones Branced ander Bell
			anyone brow man accesses
	MISSING ALCONY DOWN	the local burden formerty	

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.



Watch the Video

#### Update

8:34 AM CPI Lower Than Expected. Bonds Rallying

#### **MBS Morning**

10:47 AM This is The Inflation Data You Were Hoping For

Alert

3:42 PM MBS Down More Than an Eighth From Mid Day Highs

Market Movement Recap

- <sup>10:47 AM</sup> Immediate rally in response to CPI and mostly holding since then. MBS up 3/8ths and 10yr down 10bps at 4.184.
- 02:03 PM modest pull-back after poorly received 30yr auction. 10yr still down 9.1bps at 4.195 and MBS still up more than quarter point.
- 03:42 PM MBS are still up 10 ticks (.31) in 5.5 coupons but down more than an eighth from mid-day highs. 10yr yields are still down nearly 9bps at 4.20, but that's up from lows of 4.166.

### Lock / Float Considerations

The friendly CPI surprise lowers risk/reward going forward. Risk tolerant floaters will treat it as the confirmation of a new trend that takes rates lower. Risk averse clients are just waiting for rate sheets to reflect most of the MBS improvement before locking.

## Technicals/Trends in 10yr (why 10yr)

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

#### • 4.07

• **4.19** 

MBS & Treasury Markets

	MBS	
30YR UMBS 6.0		+
30YR UMBS 6.5		+
30YR GNMA 6.0		+
15YR UMBS-15 5.0		4
15YR UMBS-15 5.0	US Treasuries	+
15YR UMBS-15 5.0	US Treasuries 4.208%	-
		-0.078%
10 YR	4.208%	+ -0.078% -0.118% -0.068%

**Open Dashboard** 

Share This

 $\ensuremath{\mathbb{C}}$  MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.