MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

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



Sandro Pansini Souza Branch Manager, Beyond Financing, Inc. www.beyondfinancing.com M: (857) 615-0836

57 Walden Ave Saugus MA 01906 LOAN OFFICER NMLS#1625542 COMPANY NMLS#2394496



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.

			MMBSUN	/∈	101			ar 🔛 acess	
100.000	CING .	0.0	HEAL THE CHART MAN		RAL THE ON	(44) (40)			MES LIVE OWN
12.18			3010 FINAL #		TO THE TWO	- w			COLORA CATAN
		No Change a		DIVERTIGATIONS + DEDICTIONATI+	1.8270 (-			Over provide	
No. 10 Yes			June Days 24 Tel: Tel: Tel: Tel:	1971197	Annon I	-	CHARGE THE CHARGE		The bar Dariely of the second barrier to
		101							Anty Parls, July 1 1 41
					and the second s				And an
4.0						1	10104		CO CAR Dank 1
eine 30 Tex			1.15	114.14			Cases L	12.30%	Aur and the de Rey play?
		1984	1140	•	11000		Open 1		Antip Parks, Act of Mark
	105.44 -0.00		in the fight of the second sec	The second second	1 2 1		Low 117		21 Tant stocks playing a nim ber
			I II I					CHINE	a form apple beat or early
No. Of Ta									Christopher Kirverst, 117 or
								1 1 1	ar way close is 1.82
			T IN T					N. 5	Christenber Versner, 117 oc
						<u> </u>		10 IV	The loss has been being 1.82 for 1
			the state of the state						Battlew Grahami a Hore
aties -				Silve .					I them for mentioned that a long setting.
	100,2109 (14,0000)					100		17.00	Mathem Graham
			LIVE NOWS STREAM						110 hi a Be anto legge Bart
			COLUMN AND ADDRESS TOP	-	A STREET	0000 000 0000		0.0	Callant Demandi 1 10 pr
	1002100111010010				Col a land	the month	and an a	_	are have named much for the
						and the second second second	AND A DECK	"Reput Repta"	The local distance in the second seco

© 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

- ^{10:47 AM} 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
US Treasuries	
4.208%	10 YR
4.511%	2 YR
4.418%	30 YR
4.140%	5 YR
	US Treasuries 4.208% 4.511%

Open Dashboard

Share This