MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Not as Bad as it Could Have Been



Gary Kesler Executive Finance Manager, Central Valley Home Lending

www.cvhlending.com M: (916) 804-0142 gary@cvhlending.com

3461 Fair Oaks Blvd. Ste 125 Sacramento CA 95864 CVHL NMLS #2455817 MLO NMLS #693579



Not as Bad as it Could Have Been

MBS Recap Matthew Graham | 4:43 PM

After Wednesday's Fed-driven sell-off, it was unlikely if not impossible that bonds wouldn't end up saying they had a bad week. That is certainly still the case, but after Friday, it's not as bad as it could have been. PCE inflation came in at 0.1% at the core level, month over month. If inflation repeated that performance for 12 months, annual inflation would be below the 2.0% target. Headline inflation is even lower and has been doing even better in terms of getting back to a target trajectory. Bond traders are largely able to price in PCE data because a good amount of it can be calculated from CPI/PPI which come out 2 weeks earlier. There was still enough of a surprise for 10yr yields to drop a quick 6bps and ultimately end the day 4bps lower than yesterday.

						-				
			MMBSLIVE		10 ·				aces se	
THE MICHS 0.0			REAL THE CHART MANE		0 REALTING ON	NEAL THE CHART (K)				MES LIVE OWN
1.14					10 Year Teasury * Prov stree ware ware taken taken taken taken taken			-	COTON OF THE	
		Ny Change	106.75 (0.00)	CHART OFFICIAL + DELECTIONAL	. 1.8270 (*	1.8270 (-0.0010)			CONCORDER .	
Max 30 Year's Free			Just Carl M SET SE SE SET SET SE		Ann Oak	Description IN THE NEW YOR YOR THE THE				The second second second the second s
	102.08	101			H					Anty Parls, July 1 1 41
										A And an
40						1	-	10 Fear Sea		CON SIGNA Danak 1 mars
tion (10 Town			100	114				1,007/18183		and the set of the page?
			1140	•	100		<i>a</i>	High: 1,7471		Anty Parts, Act of State
	100.441-0.00		had the second	A CONTRACT ON A	- I & M			Low 11,7850	1412	21. There also be playing a rule for
			III 800.0					Ocean 1 784		The Lot Darmin, 1
Red Do Taxe								-	-	pa figure, apple beat or ears
								1	F 1	Christopher Einennei + 17 -
			1 10					Tens.	8	
	100 10 10 10							1.00		Christigher Neveral 117 /

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



Watch the Video

Update

8:34 AM PCE Cooler Than Expected. Bonds Rallying Modestly

MBS Morning

9:54 AM Stronger Start After Cooler PCE, But Don't Expect Miracles

Alert

1:52 PM MBS Down Just Over an Eighth From Highs

Econ Data / Events

- M/M Core PCE
 0.1 vs 0.2 fcast, 0.3 prev
 - Y/Y Core PCE
 - 2.8 vs 2.9 f'cast, 2.8 prev

Market Movement Recap

- 09:25 AM Slightly stronger overnight with additional gains after PCE data. MBS up 11 ticks (.34) and 10yr down 6.8bps at 4.503
- 01:14 PM Generally stronger, but off the highs. MBS up 10 ticks (.31) and 10yr down 6.4bps to 4.507
- 01:52 PM Down just over an eighth from highs in MBS. 10yr down 6bps at 4.511

Lock / Float Considerations

All bets are off until further notice following the Fed day rout. That said, it has been and continues to be the case that any meaningful improvement in rates will require downbeat economic data and softer

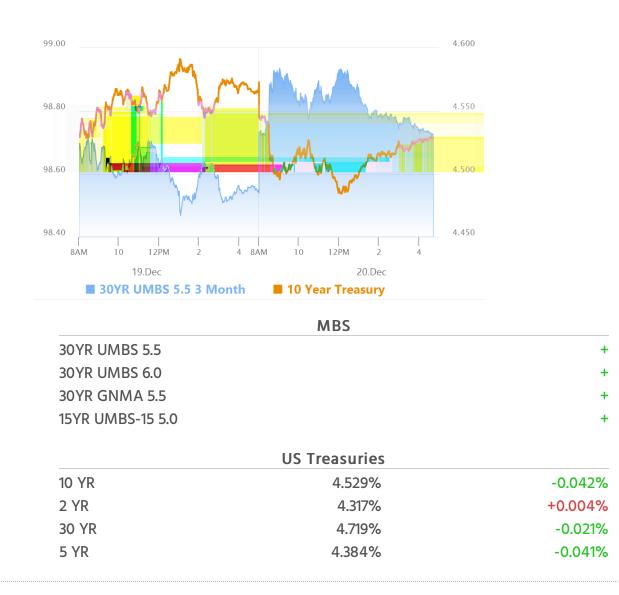
inflation. At this point in the year, we're waiting until early January for the next major shoes to drop (NFP and CPI, specifically).

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - **4.57**
 - **4.50**

- Floor/Resistance

- ° 4.20
- · 4.30
- **4.35**
- **4.43**



MBS & Treasury Markets

Open Dashboard

Share This