MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Another Paradoxical Reaction to an Inflation Report



Richard Ray

Managing Partner, Caliver Beach Mortgage

Caliver Beach Mortgage P: (240) 552-5369 M: (202) 390-4483

500 Redland Court Suite 300 Owings Mill 21117 NMLS License Look Up

Zillow Ratings



Another Paradoxical Reaction to an Inflation Report

MBS Recap Matthew Graham | 4:07 PM

For the 2nd month in a row, the market's reaction to a CPI/PPI report ended up being less about the report itself and more about its implications for the more highly regarded PCE inflation data. While we have to wait 2 weeks for official word on PCE, the CPI/PPI combination goes a long way toward revealing the outcome. In today's case, CPI suggested higher PCE inflation, so bonds ended up selling off, albeit modestly, despite core CPI coming in lower than expected. Thursday's PPI once again has the opportunity to punch above its typical weight for the same reason.

MMBSLIVE		Image: 100 million	🖬 * 161,0 * 100,1 * MITHOD * 🔝 GLONE SETZER *			
100.000	cresi	0.0	TREAL TIME CHART (MAIN)	O D REAL TIME CHART (R)		NES LIVE OWN
11.18			3078 FIGHA 4.0 * PROF 100.07 10	10 Not Theory *		COLUMN OF THE
	Pere	No-Change		1.8270 (-0.0010)	CON CON CHE CON	Disr Out Two
No. 10 Yes			A second se	and the second se		The for Dariely 1
10	NO NO INCIDENT		Sensitives 24 26 26 26 26 26 29 29	Internet in Second	THE SHETTY THE	They still closed much lower 1
5.5	10108-0110	10.04				Andy Parks, May 1 (7 and
10	10675-630				10 Teac Diversity	
tion 10 Tes	1000			11.11	100/05/02 3054	Any State of the second
38	10.01				Open 1/100	And And Date All Links
	10144-030			TAL DOM DOM NOT	Nat 12511	The set shots playing a nim for
					Store & Store	The Darake 1 man
No. Of Tax	- 1990 - 1990 - 1990 - 1990 - 1990 - 1990 - 1990 - 1990 - 1990 - 1990 - 1990 - 1990 - 1990 - 1990 - 1990 - 1990					an types, apple boat or sam
				CONTRACTOR OF CO		Christopher Enverse
			T THE		140.5	Christenbert Merennen + 17 -
					1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	The bis host being 1.82 for
			the strength of the strength of the			Battlew Graham; o H pro
ites -			A.M. 21.m.		1 24 4 14	The sectored had a b
	100,2109 (10,0000)					
			LIVE NOWS STREAM			102 high the arts logge that
			STREET, And president lines	Alter Gast Black Black Broker		Callert Denierd, 1 10 pr.
			MILLIN LAND	Del a bender per seve	earranter?	are have named much by it
			With Review Ford Markets Consolities All-		Real Page	The site and has to meet the s
	110 MEPS COLUMN	24040 (001000)	AND INCOMENTATION OF TAXABLE PARTY.			The set and has a result of

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



Watch the Video

Update

8:41 AM Mixed Reaction After CPI Comes in Lower

MBS Morning

11:48 AM Why Aren't Bonds Happier About CPI?

Econ Data / Events

- • Core M/M CPI
 - 0.2 vs 0.3 f'cast. 0.5 prev
 - unrounded 0.2266
 - Core Y/Y CPI
 - 3.1 vs 3.2 f'cast, 3.3 prev

Market Movement Recap

- 09:31 AM Weaker overnight and mixed reaction to CPI (mostly ignored). MBS down 1 tick (0.03) and 10yr up 3.6bps at 4.316
- 12:46 PM MBS up 1 tick (.03) and 10yr up 2.8bps at 4.308
- 03:41 PM Fairly flat in the afternoon, despite some noise in both directions. MBS are unchanged and 10yr yields are up 3.6bps at 4.317

Lock / Float Considerations

Through Wednesday, the bond market made it very clear that we're in consolidation mode after hitting resistance last week. So far, that's been mostly a sideways affair, but a breakout in either direction is possible. The real hope for a return to last week's lowest rates would be a favorable reaction to Thursday's PPI (or an even more massive stock market rout, perhaps). Failing that, or an equally compelling surprise, bonds aren't looking eager to challenge recent resistance.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.57
 - · 4.50
 - · 4.40
 - **4.34**
- Floor/Resistance
 - · 4.05
 - o **4.12**
 - **4.19**



MBS & Treasury Markets

30YR UMBS 5.5	+
30YR UMBS 6.0	+
30YR GNMA 5.5	+
15YR UMBS-15 5 0	

US Treasuries				
10 YR	4.316%	+0.036%		
2 YR	3.990%	+0.047%		
30 YR	4.635%	+0.037%		
5 YR	4.074%	+0.043%		

Open Dashboard

Share This