MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Stocks Save Bonds From Modest Losses



Philip Bennett President, Bennett Capital Partners Mortgage Brokers

bcpmortgage.com P: (800) 457-9057 M: (305) 407-0747

1101 Brickell Ave STE 800 Miami FL 33131 Pers# 1098318 Corp# 2046862



Stocks Save Bonds From Modest Losses

MBS Recap Matthew Graham | 4:23 PM

You won't always be able to count on the market dynamics we've seen over the past few weeks, but during that time, they've been pretty reliable. Specifically, steep losses in stocks have been helping the bond market more often than not, and today was another example. Bonds started out in slightly weaker territory after the PPI data suggested higher PCE inflation. PCE doesn't come out for 2 weeks, and PPI's top line numbers were good, but markets care more about PCE, hence the paradoxical reaction. Stocks began swooning in earnest in the 11am hour, and bond yields followed suit. After topping out at 4.35%, 10yr yields fell to 4.25+ before leveling off.

						-				
			MMBS	SLIVE	101-				GLOWN SCI	
100.000	CHIG	0.0	HEAL THE CHART MANE	0	D REAL THE ON	NAT (40)			10000	MES LIVE OWN
15.18			STREAMAN	PROF OFER LOW MER SOLUTI SOLUTI SOLUTI	10 Year Trees	- T				10200 011et
		No Change	106.75 (0.00)	CHARLOW COULD CHARLE	1.8270 (-				NAME OF BRIDE	Der Outres
Res 18 Ye			Junction IN THE TWO	NACING THE INC.	Desire Chart 1	101102	-	1997		The last Daries, and the second bases of
		100								Anty Parls, July 1 1 41
										An an at
						1	-	10 Fear Search		The state bank the se
iee 30 Te			1000	114.5		19 C		Daniel L / Kite	- A	and the set of the page?
18	10.01		1140	1.9 A	c c		ar -	High 1757		Ante Parts, Act of Street
	100.00-00.00		INFORMATION OF		1 8 11			Low 1.7858	212	21 rant storts playing a nim ber
			- U (The tax Darak - 1
Ref 2017						_		T		
			1 1						1	Christopher Einennei + 17
	104.88 1175							100	8	Christigher Neveral 117 pr
										The ballet being the later
				terms in the later	A Description					Wothers Grahami 1 11 pro
ries .				2.00		100	1			I then he methoded had a lot the wells.
	100,2109 218,0000		No.							Mathem Grahami + 11 an
			LIVE NOWS STREAM							📲 102 hi a Be any logge Ball
	NAME AND ADDRESS OF TAXABLE		Statement and solutions	the local data while the	(050000	- Ten			0.0	WITH General Decision of Linkson

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



Watch the Video

Update

8:41 AM Big Drop in Producer Prices. Mixed Reaction Due to PCE Implications

MBS Morning

10:40 AM Paradoxical Inflation Report Reaction, PPI Edition

Econ Data / Events

- • Monthly Core PPI
 - -0.1 vs 0.3 f'cast, 0.5 prev
 - Yearly Core PPI
 - 3.4 vs 3.5 f'cast, 3.8 prev
 - Jobless Claims
 - 220k vs 225k f'cast, 222 prev

Market Movement Recap

- 08:44 AM Slightly weaker overnight with additional losses after paradoxical PPI suggests weaker PCE. MBS down and eighth and 10yr up 3.3bps at 4.344
- 11:28 AM Bonds moving into positive territory. No obvious motivations apart from stock market weakness and/or technicals. 10yr down almost 1bp at 4.305 and MBS unchanged.
- 02:54 PM Rally continued with stock selling and bounced with stocks. MBS up 2 ticks (.06) and 10yr down 3.6bps at 4.275

Lock / Float Considerations

Bonds/rates have generally been in consolidation mode after hitting last week's low yields. That's been mostly a sideways affair, but a breakout in either direction is possible. With this week's important data

out of the way, the biggest risks/opportunities are on hold until next week. Government shutdown headlines are a wild card. If they resolve in a way that benefits stocks, that could cause some selling in bonds.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - **4.57**
 - ° **4.50**
 - 4.40
 - 4.34

- Floor/Resistance

- ° **4.05**
- **4.12**
- **4.19**

MBS & Treasury Markets



	Ν	Λ	Β	S
--	---	---	---	---

30YR UMBS 5.5		+
30YR UMBS 6.0		+
30YR GNMA 5.5		+
15YR UMBS-15 5.0		+
	US Treasuries	
10 YR	4.271%	-0.040%
2 YR	3.956%	-0.026%
30 YR	4.592%	-0.039%
5 YR	4.028%	-0.053%

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

Open Dashboard

Share This