MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Stocks Save Bonds From Modest Losses



Lance Levin JFQ Lending JFQlending.com P:4806660245 M:4807720003

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.

	MABSLIVE	10.1 HILF - 100.1 - MILINGL	
	MMBBCIVE	E HULL	
THE PIECHS 0.0	HEAL TIME CHART MANE	0 0 REAL TIME CHART (D)	MES LIVE OWN
10.VB	DETERMINANT TO PROVIDE AND ADD	to the Teaching W Price Area and a	COLOR OF MAL
Pros STOREST	106.75 (0.00) 106.75 106.75 106.00 106.75 106.00	. 1.8270 (-0.0010) table table table table table	GRI Quines
Red 10 Year / / Year	And the Distance of the Section of t		The second second second second
La contra da	Constitute of the second second second	Prove Chark, 24 THE THE THE THE THE THE THE	
AN INCOMENTING AND			Andy Parks, do.; 1.1 yes
0 99,70,400 800		The four Descary	
tee 10 Teer dans		100/01/2009	Any State of the play 1
18 10 10 10		Operc 1,7830	And And Parks St. 1 Mart
15 101.44 -0.00 400	and the second sec	14 94 1901 A	The start starts starts a nin to
10 NO 20 -110 -110		La L	The state for the state
Real Doll Trans. Conc. Name		Constant 1	an figure, apple beat or ear
30 9039-010 819			Christopher Keysensi + 17 -
15 House - 115 Date			arvey deve to 182
10 10 10 10 10 10 10 10 10 10 10 10 10 1			Christian free Newson, 1 17
an and a statements	and the second		matthew Conterns 1 is an
	the state of the state of the state		Buttere Graterie To a
fes Pus Yes	Contraction in the	A DAY OF A D	tity years
100,7100 (-0.0000) 0.5110 (-0.0000)	CLAR NEWS STREAM	PAR PAR	Watthew Graham: 1 11 pm
1003078 (100100) - 0.8723 (10002)	CONTRACTOR AND		102 til a Be arts byge Ba
	Allow Anteriptes has a series	back USER REPORT PROCE 00	Callert Dentard, 110 pr.
	MILLION AND A	Ond a fundar and source a reprice?	are have named assisted
	With Recar David Warbots Consolition At Art (2010)	Repartment of the second of th	The site bareful time of the
112 MPS 13 1997 2 4010 10 MIN	Annual Test State States	And Anno	is measured by value. Gener
	The ECE's Dendes Days Tens. Hill Europe Take / New York 12	Parent Formay	exceed 50% of the total mark
	Chr. 4 1764	the test	The Mathematics (11) or
tea to: fota e taos fuels @	CTYPE Control on Financial Education	Telay 0 7 Vew Q	The first to be careful about
		10015 8 8 566	acreage Bringh
	D House States, Safer Strength Advanced, Road Day on Sof Price		There is to mental at most
to the State Tennes In the Automation			Roman Branced under Rel U
	Marked South of Land and Land an		The Drive McTarlane: 1 47 per
sy, January 27th An Tar Han An	And the second second second second		anyone know man account
	MEADINE ALCOMOLOGY	and the second framework in	Ted Read 1 in per
12	More Pronounced Negative Terprise Tox as M05 M Lows	114pm Will more Telfood	A REMOLT AND MORE
Residence on an Dec 8 44 44 45 44 Decision on Amount Dec 44 44 47 -13		3.37 pm Aver Parts Marine Adverticiant	Address of the Addres
Design in other set Des 13 43 43 44	Rede-210W	billion Serbed Man John Steaded	And you (date) of our
Dente prote bet @	Low Manay Count Wortgages? It's Not the Apocalgae	attigen Franklen Marter John Devalue	Ted. Ted alle?
Logist Anthon Making But Dates	Long Concentration	232 pm Dearts Million extend data	The last family in the last

Watch the Video

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



MBS

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%

Open Dashboard

Share This