## MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

### MBS Recap: Bonds Lose Almost All The Gains After Inflation Warnings in The Data



719 Lending Inc. #FastLender, 719 Lending Inc

www.719Lending.com **P**: (844) 719-5363

104 S Cascade Ave #201 COS CO 80903 NMLS: 1601989



# Bonds Lose Almost All The Gains After Inflation Warnings in The Data

MBS Recap Matthew Graham | 4:41 PM

Bonds started out sharply stronger today after Trump walked back previous comments on Fed Chair Powell. Headlines regarding lower tariffs for China also helped, but they helped stocks more. The good times began unravelling with the 9:45am S&P PMI data. Both manufacturing and services PMIs showed sharp increases in prices. This is one of the first clear examples of tariffs impacting inflation data. Markets were quite willing to trade the data this time (unlike with the recent CPI/PPI releases--probably because those showed lower inflation in a world that feared higher inflation) with bonds ultimately almost fully erasing the AM gains.

			MMBS	LIVE	101 ·				GLOWN SCS	
100 (1980)	78G	0.0	REAL THE CHART MANE	•	REAL THE ON	(44) (40)			1000	MES UNE OWN
			STREAMANN *	PROF OF STATE	10 Year Trees				-1-	COLUMN OF THE
	Pro-	Ny Change	106.75 (0.00)	CHART CHURT TOLDS TOLDS	1.8270 (*		1.4260 1		CALLER CALVER DETICALE = 1	Ger Outree
ter 10 Teac			Junction of Statistics	NAME AND ADDRESS OF ADDRESS OF ADDRESS		-	-	100		The bar Darreds
					The second se					
										And Parks, Aug. 1. 1 and
						1		18 Feat Search		Con plate hank three
ke 30 Taw			1 C 1	104.04			A	David Lotter	- A	and one dol key play?
		1984	140	•	1100			High 17423		Anty Parts, Accession
	100.00.000			THE REAL PROPERTY AND ADDRESS	11 2 11			Low 11,7958	1412	21 rate starts playing a rule for
			1 II 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1					Own Links		The bar Darriel, 1 17 and 18 man
Res Dil Tree									-	Christopher Kinness, 117 -
								1.00	(1)	or very close to 1 M2
						_		CLINE.	8	Constanter Sevenal 417-
						_		1.00		The loss has been being \$ \$100 for
				100 Con 1 1 100 Con						Watthew Grahami + H pro
fen l				2 days		-				I them for mentioned that a long weblin.
	100,2108 218 80805		1						alf. her	Ballers (robust + 1 ar
			LIVE NOWS STREAM		1					😸 102 tú a Be arts byge Bat
	NONDERED AND ADDRESS.	12080 101000	STREET, And and include	a tea de des des	A CONTRACT	OLD A DO			0.0	THE General Democrit 110 per

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



Watch the Video

#### **MBS Morning**

10:17 AM What's Up With Today's Big Bond Rally?!

#### Alert

10:34 AM MBS Still up Big But Well Off Highs (Hit by PMI Price Data)

#### Alert

12:17 PM Additional Negative Reprice Risk

#### Econ Data / Events

- S&P Global Services PMI
  51.4 vs 52.5 fcast, 54.4 prev
  - S&P Global Manufacturing PMI
    - 50.7 vs 49.1 f'cast, 50.2 prev

#### Market Movement Recap

- 10:05 AM Sharply stronger overnight on Trump's reversal on Powell/China. MBS up nearly half a point and 10yr down 9bps at 4.304
- 10:41 AM Losing some ground as bonds react to inflation implications in PMI data. MBS still up 3/8ths, but down a quarter point from highs. 10yr down 5.8bps at 4.338 but up 7bps from lows.
- 03:39 PM More selling, but finding some support. MBS still up an eighth on the day and 10yr down 1.7bps at 4.38

#### Lock / Float Considerations

Rates/bonds find themselves in the unfortunate and frustrating position of being more prone to react to fiscal headlines than to economic data. This means that things may look fairly calm at times when

headlines are uneventful, but volatility can pop at a moment's notice if the headlines pick back up. Clarity on tariffs/trade and the status of Fed Chair Powell's tenure will be needed in order to move past this period of elevated directional risk for rates.

#### Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - ° **4.64**
  - ° 4.48

#### - Floor/Resistance

- o **3.99**
- **4.05**
- **4.12**
- **4.19**
- **4.34**
- **4.40**

#### **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	4.383%	-0.014%
2 YR	3.867%	+0.051%
30 YR	4.824%	-0.056%

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

Open Dashboard

Share This