# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Nice Rally on Data and Auction Results



Jim Spinner Home Buying Concierge, US Wide Financial LLC P: (314) 495-3941 2200 Westport Plaza Dr St. Louis Mo 63146

NMLS: 410323 NPN 12396063



### Nice Rally on Data and Auction Results

MBS Recap Matthew Graham | 4:16 PM

Wednesday ended up being a straightforward session for bonds with a large CPI beat prompting a decently swift rally in the bond market. Shorter maturities did the best--also logical considering the proximity to the Fed Funds Rate and the fact that Fed rate expectations rallied 8+ bps. But longer maturities got a bit more love after a well-received 10yr Treasury auction at 1pm. Respectable results on a day where bonds are already rallying are all the more respectable. With that, bonds hit new low yields for the day (MBS hit new highs) and neither strayed far after that.

	MMBSLIVE	🖬 • 100.0 • 100.0 • 100.0 • 🔛 GLOW W				
THE PIECHS 0	O NEAL THE CHART HANG O O	REAL TIME CHART \$49	MES LIVE OWN			
- 11.10	STATISTICS AND THE PARTY AND AND	to hear Departury - Proc. of the second	COLUMN OF SHE			
Page 870415	106.75 (0.00) 101.75 101.75 101.8	4 8270 ( 0 0010) LINE LINE LINE LINE	Gen Out here			
		Cast Decision ( 10,000 ( 10))				
	Designed and the test test test test test test.	Torre Chart 20 THE THE THE THE THE THE THE	The set of			
	10.00		Anty Parts (h) + 1 ++			
		10 for facery	21 AB 4			
		The first 10001112 Mere	and the bareful in the second			
18 10.05		Chen 178N	Anty Parts Are a very			
15 10.44 -0.00 400	The second	94 UND 4	The stands starting a role to			
10 10720-010 -010		A DA	The state based at the set			
		Constraint P	an figure, apple beat or ear			
30 NO 10 - 110 1010			Christopher Errorest + 17 -			
35 10488 111 208			ar very close to 1.82			
48			Christigher Versens: 4 17 a			
	The second se		Battlers Grahami and an			
fen Paul Yard	All Distances		Then he mentioned that a			
1012109-2-0.0001 0.0114-0.000			10yr patits			
100.0078  -0.0700   0.4700   0.070	TEME NOWS STREAM		Batthere Graham of them			
10,000 10,000 10,000 10,000	a start as actual too atom the	TORE REPORT OF PARTY OF O	Collect Democril, 1 March			
VALUES IN TAXABLE VALUE AND DESCRIPTION		Def a lander and rough a reprint?	are have apport much for t			
	1 Will Becar Fred Waters Considers Advanta/ONC	Topol a ferrar of the second a reprint P	The Barriel Line and			
1121075 (10010) 2404 (1000	Annual Process of Links	the second second	The site just has to need the is measured to value Gene			
	20 The ECE's Demoke Tree Will Europe Take / New York 27	Type Conney	exceed 10% of the lotar mark			
e pring preside à pelleralig alle Thomas Rodon. Rea les Tata 🛊 Rea Parls 🖗	OPPIN Contrag on Financial Education	Techny 8 7 View Q	West Divelance 1 1 1 area have to be careful along account fromgt			
MIC CILLINGAR	O O THE REAL PROPERTY AND ADD IN THE OWNER		There is to mental a real			

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



Watch the Video

#### Update

8:38 AM Inflation Tanks Enough For Bonds to Respond

MBS Mc	prning		
9:53 AM	CPI Comes in Low Enough to Help		
4:00 PM			

#### Econ Data / Events

- • Core CPI m/m
  - 0.130 vs 0.3 f'cast, 0.2 prev
  - Core CPI y/y
    - 2.8 vs 2.9 f'cast, 2.8 prev

#### Market Movement Recap

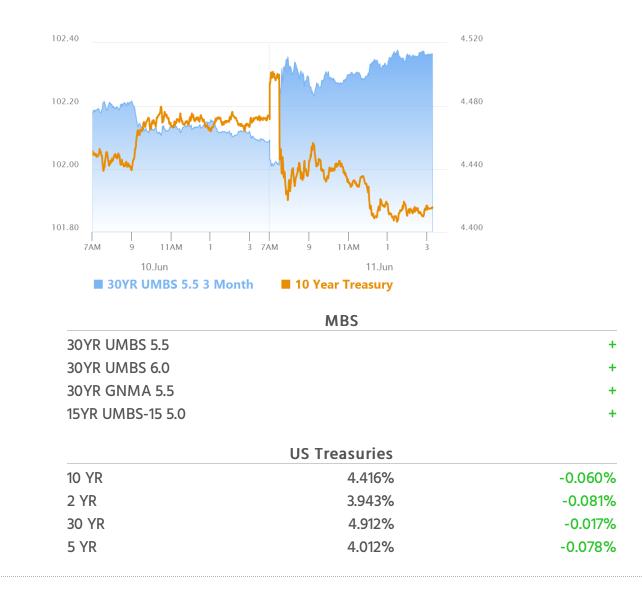
- 08:44 AM 10yr yields are down 3.7bps at 4.439 and MBS are up a quick quarter point.
- 01:03 PM Decent 10yr auction considering the AM rally. Bonds improving slightly as a result. 10yr down 5.6bps at 4.42 and MBS up 11 ticks (.34).
- 04:01 PM Near best levels in final hour. MBS up 3/8ths and 10yr down 6.1bps at 4.415

#### Lock / Float Considerations

Bonds were refreshingly willing to respond to a big enough beat in CPI. After that, 10yr auction strength helped reinforce a generally supportive backdrop market by recent overhead 10yr yield highs (4.46-ish). If Thursday's PPI confirms the disinflationary momentum to the same extent, we could see an additional reaction, though not likely as big. The more relevant lock/float consideration is that many lenders are noticeably conservative relative to MBS and recent rate sheets (June 4th and 5th are good baselines). This is sometimes seen as an opportunity for risk-tolerant floaters, but it assumes bonds hold gains on Thursday, and that assumes PPI plays ball like CPI (and that's a coin toss).

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

- Ceiling/Support (can be used as "lock triggers")
  - **4.64**
  - **4.48**
- Floor/Resistance
  - **3.99**
  - ° 4.05
  - **4.12**
  - **4.19**
  - **4.34**
  - **4.40**



### **MBS & Treasury Markets**

**Open Dashboard** 

Share This