MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Thursday's Data Offered No Objection to Overnight Rally



Slav Popach Mortgage Broker, Barrett Financial Group

M: (425) 772-1031 slav@barrettfinancial.com NMLS 1103975



Thursday's Data Offered No Objection to Overnight Rally

MBS Recap Matthew Graham | 4:13 PM

Thursday's PPI was just as tame as Wednesday's CPI and, for a moment, it looked like bonds were going to offer an encore performance of the post-CPI rally. But in Thursday's case, bonds had already rallied nearly that much in the overnight session. We're inclined to view this through the lens of Thursday's data standing aside for the momentum created by Wednesday's data. In other words, CPI prompted a lead-off rally and PPI didn't push back in the other direction. We can also give some credit to Jobless Claims where the continued claim number pushed up to another cycle high. Yields didn't stray far from where they were 10 minutes after the morning's data.

	MMBSLIVE	🔝 * 100.5 * Million * 🔛 Guines	
tel Pieces 0.0	TREAL THE CHART MAN	0 0 FRALTIME CHART (0)	MES LIVE OWN
-0.VE	DETERMINANT PROPERTY AND ADDR	to feel Teaching . First offer site was	CORDER OF THE
Page #10-Damp	106.75 (0.00) tot.15 tot.15 tot.15 tot.15 tot.15	1 8978 (A AAAAA	Dev Outney
Ree 16 Year's from them	Annual and the first that the training	Anna Chart 20 THE THE THE THE THE THE THE	They all thread much lower
18 MEMORY (197		HA	Andy Parls, doi:10.00
			And Party Party and Party and
10 10675-030 480		18 feet Transy	Contraction Deside 1 in con-
tee 10 feet and 10 feet	1	at the second se	Ar
			And And Parks, MULTINE
35 NEAK-0.00 4015		· · · · · · · · · · · · · · · · · · ·	21 Tane stocks playing a rule b
		er 0mc 1284	The barrier of the second seco
Ward Still Team (Print) Print			Christopher Kinversi + 17
			or way close to 1 M2
55 NH 175 UT			Christian Sevena (117)
			The loss has been been a fight
	the first of the little state of the		Wethere Grahami II II pro
ries Pos Yest	Alle File	the star of the star of the star	10 restin
	And and a second se	1. P.M.	Ballion Costant - 1 an
100.0078 (10.0100) (0.0703 (0.0007)	UNE NOWS STREAM		💐 102 to a Be only byge Ba
	Annual And and point time and a function	heat DEREPORT PROTE 0 0	Giftert Dentard, 150 pr.
	MILLIN LADY	Del a londer per sova a reprisa? Resultance	an here apport such for t
	WESTINGS Ford Markets Consolition Areas (\$2005)	Report Sector Se	The site barries in the set the
10 MPS (11 MPS) 2 MPS (11 MPS)	Annual Test Print and Links	Page 1 and 1	is measured to value Gene
	The EOE's Divides Days Tena Will Europe Take / New York 20	And Ben	exceed 10% of the total mar
ne prine providel in performing with Thomasia Royland New In: Tatle 🌒 Back Parts 🔕	Children & Linear Children Constanty and Februarishi Educations	Testay 8 7 View Q	The finite in a cardy about

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



Watch the Video

Update

8:36 AM PPI Comes in Lower. Bonds Rallying Further

MBS Morning

10:02 AM Higher Bar For Additional Gains Despite Lower PPI

4:04 PM

Econ Data / Events

- Ocore MM PPI
 - 0.1 vs 0.3 f'cast, -0.2 prev
 - Core YY PPI
 - 3.0 vs 3.1 f'cast, 3.2 prev
 - Monthly Headline PPI
 - 0.1 vs 0.2 f'cast, -0.2 prev
 - Jobless Claims
 - 248k cs 240k f'cast, 248k prev
 - Continued Claims
 - 1956k vs 1910k f'cast, 1902k prev

Market Movement Recap

- 08:36 AM MBS up a quarter point and 10yr down 6.2bps at 4.362 (most of these gains were before the data).
- 01:24 PM No sustained improvement despite decent 30yr auction. MBS up 9 ticks (.28) and 10yr down 5.5bps at 4.368
- 04:12 PM Heading out close enough to best levels with MBS up 9 ticks (.28) and 10yr yields down 6.7bps at 4.356

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

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

15YR	UM	BS-15	5.0
------	----	-------	-----

US Treasuries				
4.356%	-0.067%			
3.907%	-0.041%			
4.836%	-0.082%			
3.963%	-0.059%			
	4.356% 3.907% 4.836%			

+

Open Dashboard

Share This