MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

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



Charles Davis EDGE Home Finance Corporation

www.edgehomefinance.com M: (303) 870-6165

284 Spongecake Drive Hardeeville SC 29927 1740379



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.

	a geographica				and the second		
			MMBSLIVE	E 1071			
THE PRO	mi)	0.0	REAL THE CHART MANE	0.0 HEAL THE OWAT HO			MES LIVE OWN
12.18			3010 FINAL &		And	er	COLOR OF MAR
		A TOAM OF .	406.75 (0.00)	1.8270 (-0.0010)		NAC OFFICIES IN 1814	Gran Chat Plane
Not 10 Year			June Dark 24 THE THE THE WAY THE THE	Door Oast 10 Tel Tel	P NOT YOU THEY THEY		They all placed much lower
	NO IN LCC	100		10.04			Anty Parls, Act 1 1
							And an
					Physics 10 Test		The state bank in an
New 30 Team		144		14.11	Open 1,7830	- A.	Total and the delivery play?
38	10.00				Mar. 12471	1 1 1	Tant shorts alloying a role is
48	10144-030		A CALL COLORING		Low 1.7930	11 A M	The state farmer, a little
· Mari de Tem							an town apple beat or nar
0.30	10.00 -0.00						Christopher Sirversi + 17
635	10.0		0. 1			,	arvey down to 182
	100.70 -0.00				- HU 1		Christianer Versen: 117
THE ST COMPLETE					1 P.		Building Craham 1 is an
eten.			And the second s		1 1 10 10		itera fee meritored bata
	100,2109 (10,0000)		the second se				Billion Graham + 11 am
			LIVE NOWS STREAM	Construction of the local division of the	NRG N	and the second se	2 10/10 a be orts byge ba
			All and an interest of the second	Alager Ghant (State Courses)		00	Galact Designed, 110 per
	102100-0120-020	14310 101001	MILLION AND MARK	Del a lander per seu		(Apta)	The Dark Report week for
	100,0000 (10,000)	14010 (41010)	With Recap David Markets Consoliders Allow 14	COX: Reprint Print	he (primutily		The alle just has to meet the
INCOMPLETING 2404 HERE			Average The states in 1784 The ECET's Describes Days Tones. Will Europe Takes	Party Press			is measured to value Came exceed 30% of the lotsr mat
			Case + 1784		North Control of Contr		The Mart Hardpoor

© 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

- Core 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





+

+



30YR GNMA 5.5		
15YR UMBS-15 5.0		

US Treasuries					
10 YR	4.356%	-0.067%			
2 YR	3.907%	-0.041%			
30 YR	4.836%	-0.082%			
5 YR	3.963%	-0.059%			

++

Open Dashboard

Share This