MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

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

SHOP WITH CONFIDENCE

Faisal Momin

Mortgage Loan Officer, Keyalo Capital Solutions

www.keyalocapital.com P:(281) 948-2967 faisal@keyalocapital.com

12808 W. Airport Blvd Sugar Land Texas 77478 2351128



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	🛄 * HEAR * HEAR * 🛄 G	
THE PRO	CING .	0.0	REAL THE CHART MAN	0 0 REALTINE CHART (40)	MES LIVE OWN
12.18			SUPER FORMANCE * PROF STORE -	the first Tracking * Price down unter	COLUMN OF MAL
	Pro-	No-Change B TOPHE LST -	106.75 (0.00) Cover provide and	# 8978 (A AARA)	City Out Per
Red 10 Yes	- 1 m		June Days 24 THE THE DIST NOT THE THE	Josep Charl 24 THE THE THE NEW TWO THE	The Bartel and an
18 -				- HATH - HATTA - HATTA - HATTA - HATTA	They shill closed much lower Analy Facility (1) or
					And Fairs and And Fairs
				Hite Incore	File state bank i har
the 30 Tes				tin 10	Ar
		1984		Internet Contraction of the Local Contraction	And Parks, According
	100.441-0.00			LAND A LAND	201 rane storts playing a vie to
48				Con 1784	an farter Dariek, 1
Rep 20 To					
					Christopher Environ, +17 -
	104.00 -171			Anna Mark	Christopher Newson, 117
					The first has been been 1.82 for
			for the day of the latter of the latter		Butters Grahami + H
ries			Also File	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	10 yearship
	100.2108 [18.8080]				Bathers Graham
			LIVE NOWS STREAM	And and a second	102 highlight to the arts brook the
			Allert Automaticates have di	Gast DEREPORT PROTE 0	
			MILLION AND NO.	Della landecara revea a reprica 1	an here appelieses to b
		14270 (11070)	With Darian Read Markets Considers Allowing (1981)	Real Ages & Real Ages	The for Daroks 110 per



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**



MBS & Treasury Markets

30YR UMBS 5.5 30YR UMBS 6.0

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

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