Daily Coverage. Industry Leading Perspective.

MBS Recap: Modest Friday Bounce Does Little to Alter Bigger Picture



Matthew M. Loan Senior Loan Officer, Mortgage Company, LLC. mbslive.net

P: (704) 867-5309 M: (980) 867-5309

1050 W. Main St. Charlotte NC 28031 NMLS: #987654321



Modest Friday Bounce Does Little to Alter Bigger Picture

MBS Recap Matthew Graham | 3:24 PM

After a decent mid-day recovery, bonds gave up their gains heading into the 3pm close. It's a level of weakness that demands no explanation in the bigger picture--especially on a Friday afternoon of a week with a rally on every single previous day. Nonetheless, one could make a case for the bump by pointing to things like Senate moving closer to a spending bill vote with reports suggesting slightly more spending than before. Separate headlines involved Trump declaring an end to trade negotiations with Canada--something that might imply inflation pressure to some traders. Friday aside, the week's theme was one of lower Fed Funds Rate expectations and that will either be amplified or called into question by the key economic reports next week (as well as CPI the following week).

			MMBSUN	VE	B -			GLOWN STOC	
THE PRO	786)	0.0	NEAL THE CHART MAN	0	REAL THE CHART	P41			MESLINE OIAT
12.18			STREET, SALES	1 10405 LOW MILE 75 108.77 108.75 108.88	10 Year Treasury	 Page 			COLOR OF MAL
		No Dana		CHARTOTHERS - SELECTORATE	1.8270 (-0.0			UKDE Devet ormonis - Se	
Not 10 Year			June Dans 188 Dist that the Rid	C THEFT THEFT	Incodes IN	of the last term	911997		They did played in the set of the
	100.04	100			and the second s				Anty Parls, July 1 1 and
					and the second second				An age of the set
							18 Feat Treasure		CON MARK BARRY LINES
elee (0 Toor			1.15	104.04			Control 1/1200	- M.	and have the two years?
	H5 M -1 H		11.00	9 A	100	1.0	High 17571		And And Parks, According
	100.441-0.00					1.1	1000112000	144	The state playing a role for
			1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1						an transfer the second second second
Red Do Tes							-		Carlstopher Kirversi + 17 and
			1 1 1 1				1 A A A	1	ar way down to 182
	NOARS - LTN			1 1000			ALC: N		Christianer Neveral 117 pr
									The ballot been the ball
				1 (A) 1 (B) (A)					Watthew Grahami 1.11 pp.
atten -				2.00		-			1 them for mentioned that a loss four visitio.
	100,2109 (10,0000)							\$7.5m	Ballers Grafters and
			LIVE NOWS STREAM						🗧 🦉 102 hi a Re orly byge Rufs
			ADDRESS AND RECEIPTING AND	-	A DECK REPORT	PERSONAL PROPERTY.		0.0	THE General Demands 1 10 pr
	100210-012-0210-0210-0210-0210-0210-021		Million Antipe		Did a lander	Course a reprint?		diam'r.	are have appel much to be

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



Watch the Video

Update

8:38 AM PCE Inflation Slightly Higher, But No Major Reaction

Update

9:43 AM Down an Eighth From Highs

MBS Morning

10:04 AM Minimal Impact From PCE Data

1:32 PM

Aler	t	
3:17 PM	MBS	Down Just Over an Eighth From Highs

Econ Data / Events

- • Core PCE M/M
 - 0.179 vs 0.1 f'cast
 - Core PCE Y/Y
 - 2.7 vs 2.6 f'cast, 2.6 prev
 - Inflation adjusted spending
 - -0.1 vs 0.1 f'cast, 0.2 prev
 - Consumer 1yr inflation expectations
 - Down 0.1% m/m
 - Consumer 5yr inflation expectations
 - Down 0.1% m/m

Market Movement Recap

08:50 AM Slightly weaker overnight and sideways to slightly stronger after data. MBS down 3 ticks (.09) and 10yr up 1.9bps at 4.254

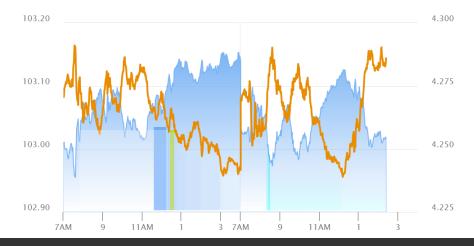
- ^{09:43 AM} 10yr yields are up 5bps at 4.286 and MBS are down 6 ticks on the day (0.19) and an eighth of a point from AM highs.
- 02:02 PM Decent recovery with 10yr nearly unchanged at 3.722 and MBS down 3 ticks (.09).

Lock / Float Considerations

Bonds have shifted from range-bound to trending lower in yield this week. Data is only partly able to explain the shift. The rest requires things like friendlier Fed comments and even regulatory changes that allow banks to hold more Treasuries. Even so, we suspect bonds are pricing in slightly weaker economic data ahead--something that will be very relevant next week given the typical early-month big ticket econ data (in condensed format due to the holiday). The longer the winning streak, the higher the odds of a bounce, but data will determine whether the bounce is a speed bump or intermediate turning point. CPI in 2 weeks is critically important as well.

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.

	26.Jun		
0.01/0			

27.Jun

30YR UMBS 5.5 3 Month

10 Year Treasury

MBS

30YR UMBS 5.5 30YR UMBS 6.0 30YR GNMA 5.5 15YR UMBS-15 5.0

	US Treasuries	
10 YR	4.286%	+0.050%
2 YR	3.746%	+0.027%
30 YR	4.848%	+0.048%
5 YR	3.836%	+0.034%