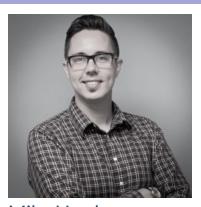
Daily Coverage. Industry Leading Perspective.

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



Mike Hardy Mortgage Advisor M: (562) 370-0544 6621 E. Pacific Coast Highway Long Beach CA 90803 NMLS#1175689 DRE #01326046



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).

			MMBS	LIVE	101 ·				GLOW SCO	
INC PRO	mi)	0.0	REAL THE CHART MANE	0	0 REALTHE CH	ever prop				MES LIVE OWN
10.10	Pro-	a the comp	106.75 (0.00)	NULL SPEEL LINE MERE NULL'S NULL'S NULL'S NULLES DEVELOPMENT - MERCY DAVET -	1.8270 (s			in the l	nter UKDA Deuer Dertond F 1	Env Out Tox
Red 10 Year			Just Car 24 DE 1981	NO NE TRA DA	Desir Dark	-	-			En har Darrets
-	10128-122		4					18 Fear Louise		Andy Paulo, do, or of ore And an
iee)0 Team		144	1 C 1	14.5		2.2	<u>n</u>	Date: 1,7830	~	Contraction and they play?
	10.01		Line -	- 10° - 100	I C C			High 12421	10	Tant study Parts, Jug to Start
			- III (# 0.4			N.		Quar 1 7110	. J. P.	The for Excels
10	10230-010								1	Christopher Enverse, e.c. a
35	104.00 - 111		1. 10			_		THUR D	6	Christianer Neveral 117
N 107 1 10			Search and and	and the second second second						Wettere Graham, 112 for
949 -				21m		100				itters for mentioned that a lo
	1002109210.0000	6.6729 16.26575	LINE NEWS STREAM		(199.8.87				00	10 hi a Re arb byge haf
			And the set later	a teas a second to be		and all a				Collect Deminerth 110 pre-

© 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 Alert 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

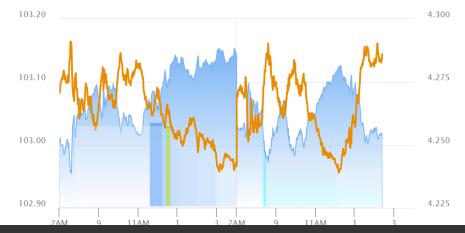
- 09:43 AM 10yr yields are up 5bps at 4.286 and MBS are down 6 ticks on the day (0.19) and an eighth of a point from AM highs.
- 02:02 PM Decent recovery with 10yr nearly unchanged at 3.722 and MBS down 3 ticks (.09).

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	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%

Open Dashboard

Share This