Daily Coverage. Industry Leading Perspective.

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



Jeff Farnham President, JTS & Co. www.jts-co.com

P: (662) 329-9090

4158 HWY 45 N Columbus MS 39705 NMLS #89796 JTS & Co. NMLS #55275



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).

			MABSLIVE		
			EIMBSCIVE	The second secon	
100(110	icres	0.0	TREAT THE CHART MANE	0 0 REAL THE CHART (K)	MES LIVE OWN
12.18				to test theory . For one use was	(1220) (1144
	Pro-	No Change	106.75 (0.00) (mell officer + public over	1.8270 (-0.0010) table table table table table	Gran Chatman
No. 10 Ye	- 1 m		Just Carl 24 THE THE DIST NOT THE THE	Description of the two two trained	the barrier of the second
38 -	10.00		There is a first the loss the loss the loss the	Line and the particular the tractor	They still closed much lower
					And Parks, Aug. 1 () and
				18 for Incore	the state bank i have
No. 10 Te				Carl Contraction Contraction	Band half with the prop?
	10.00	2004		In the second se	And And Parks, All Column
	100.44 -0.00			1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	271 rand stocks playing a rule to
				Conc 1280	The barrier of the second seco
Red Do 1					Christopher Kirversi + 17
					or way close to 1 K?
	104.88 1125				Christianer Sevena: 117
					The first har how below 1.87 for
			the standard manufactor when it is a		Butthere Grahami 1 10 pro
artes .			Also Film	the star is not the star of the	10er paties
			and the second se	P.4	Ballione Grafterer in an
			UNE NONS STREAM		💐 102 to a be only byge by
			Annual And and place have a factor of	These Distance Process 0 0	Cateri Denterit 110 pr.
			WELLIN LADY	Def a tender and rever a reprice?	an here apportions to b
	NER PROPERTY AND INCOME.		And the state of t	Cod a fandarow (Soviet a reprice) (Aqual Aquita)	White Dates, 110 per

© 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

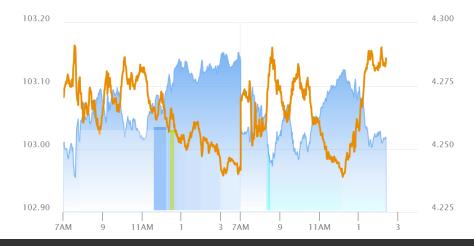
- ^{109:43 AM} 10yr yields are up 5bps at 4.286 and MBS are down 6 ticks on the day (0.19) and an eighth of a point from AM highs.
- 02:02 PM Decent recovery with 10yr nearly unchanged at 3.722 and MBS down 3 ticks (.09).

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				
201/0	111400	÷.	÷.,	~	

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