# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

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





**1st Choice Mortgage** Mortgage Broker, 1st Choice Mortgage Company, LLC

375Loan.com P:(208) 375-5626

3023 E Copper Point Dr Meridian ID 83642 380736



# 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).

				nation Character				
			MMBS	LIVE	10.P +	100.5 * NTINGS *	GLOW SCIENT	
INC PROP	#6	0.0	HEAL THE CHART MANS	0.0	HEAL THE OWNER (10)		MUS LIVE OWN	
10.18			DEPERTONNAL #	PROF OPEN LINE MORE THE TOTAL OF THE PROFESSION	10 Year Deputy Y	PROF 0709 109 (100	COLOR OF A	
		A TOAM OF T	106.75 (0.00)	CHART OFTICAL + DELECTIONAT +	1.8270 (-0.0010)	1.000 1.000 1.000 1.000	Der Outree	
Res 10 Year			Junction IN SPIRITUR	ensieringen maringe	Include IN THE TW	THE REPORT OF	En for Dariel, a tr	-
		100					Anda Paula, dr. (	
							A state	
					and the second s	18 Teat Transvery	Contra Dank ( ) -	
6e 30 Tour -			100	104.04		Concert 1/100	Ar and she be beg	Figst
		1041	11.40			High 12511	And Parks ALL	
	10144-0.00		I INFORMATION AND A	The second second		144 17930	2 Tank March playing	a nie bei
			11 But			Over 1 2010	an figure angele ber	
Red Dil Treef							Contraction of the second seco	
							ar very close to 1.8	
			1 m.			Care /	Contraction of the local division of the loc	
						1000	The fit has been	11010
			Section of a state of the			and the second to be	Mathew Graham	
fes.				200	the start		The sector	er Parl a las
	100,2109 218,80003		CLIVE NEWS STREAM				rf Juni	1.1.1

© 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

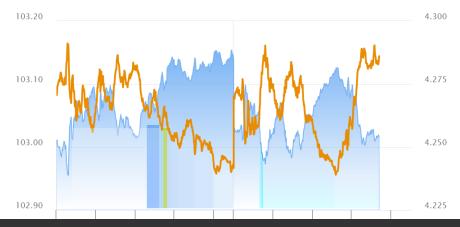
- 09:43 AM 10yr yields are up 5bps at 4.286 and MBS are down 6 ticks on the day (0.19) and an eighth of a point from AM highs.
- 02:02 PM Decent recovery with 10yr nearly unchanged at 3.722 and MBS down 3 ticks (.09).

## 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
  - o **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.

7AM	9	11AM	1	3	7AM	9	11AM	1	3
26.Jun							27	7.Jun	

**30YR UMBS 5.5 3 Month 10 Year Treasury** 

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%		