Daily Coverage. Industry Leading Perspective.

MBS Recap: What's Up With The Paradoxical CPI Reaction?



Northeast Financial LLC

www.northeast-mortgage.com P:(844) 788-7237

48 Meriden Rd, Suite 1 Middlefield CT 06455 NMLS# 117273



What's Up With The Paradoxical CPI Reaction?

MBS Recap Matthew Graham | 4:07 PM

Heading into today's data, we knew there was a possibility of two separate reactions--one for the top line CPI numbers and one for a deeper look at the internal components. Those internals show that tariffs are having an impact even though it was a smaller impact than many forecasters were expecting. Bonds didn't seem to care at first. When a new glut of trades came online at the 9:30am NYSE open, that changed. Both stocks and bonds sold off sharply starting at 9:30am and this move looks far more convincing that the initial rally.

			MMBSLIVE	100.5 *	NUTINGS * 🔲 GLONE NUTION *		
100.000	000	0.0	REAL THE CHART MAN	O O REAL THE OWAT (40)	MES LIVE OWAT		
15.18					true the sale states		
		No Change Britisher Little	106.75 (0.00) Cover prices	1.8270 (-0.0010)	Constanting - stat		
Res 10 Yes	1 Car		June Charl 24 TRATING THE THE THE THE	Door Chart M THE THE THE THE THE	TTWE Reg all depend much lower		
		101		IN M			
					Anda Paula, dr.; 1.7 or .		
					16 Tear Descary		
the (i) The			100	14.14 A 14.14 A 14.14	ALTO/TE L2 Some Are State bar page		
			1 1 Mile 1 🗢 🦽	0.01.0	Open 12/00 math 12/01		
	100.00.000			TOL DATE OF NON	Low 1 Total		
					The second secon		
No. Of TAX	100 Carlos				China, Librar, and a star and a s		
					Christopher Enverses + 1		
	106.70 -0.00				HUT Consistent Second of the S		
			County and Associated Institute of the Owner, Spinster,	- 16.0	Rethre Graham, 1 11 pr		
ites -			2.00		Run for methods had		
	100,2108 218,0000		the second se		17.5m Reflece Content of the		
			LUNE NOWS STREAM		100 hi a fle arb buge f		
			Statute and excision lines	Area Great OSCINCIDE UNION	© 0 Elle Ghart Denard, 1 10 pr		
	NUMBER OF BRIDE		and a second sec	Della tendeciara sovera reprica?	an her seport web to		
			Will Decker David Markets Consultates Allow	And a second sec	Repairing the second se		
	11210275-0001010	24040 (01000)		Carl Contraction of the Contract	The site put has in near its in measured its value. Can		
		2100101011000	Award the Max. & USAN The EGE's Districted They Take Will Earlies Tak	Partie Conney	exceed 50% of the lotsr no		
			100 + 100	the lost	The second secon		
and the first	ta e test fasts @		CTVD's Carding on Filoancial Education	Today 0 7 View 10415 8 4 View	acrease bread		
MICOLI	ING48			A - Month Mills miles (mill)	The second second second		
Per Vest	The second	Training Barrier	The second se		Renau Branced andre Bra		
	State of the local division of the local div		And a state of the		The second se		

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



Watch the Video

Update

8:35 AM First Move is Stronger as Core CPI Comes in at 0.2 vs 0.3

MBS Morning

9:29 AM Tariffs Show Up in CPI, But Not Enough to Hurt

Alert

9:45 AM CPI Gains Erased Quickly At 9:30am NYSE Open

Aler	t de la constant de l
11:31 AM	Selling Continues; Reprice Risk Picking Up
3:19 PM	

Econ Data / Events

- • Core MM CPI
 - 0.228 vs 0.3 f'cast, 0.1 prev
 - Core YY CPI
 - 2.9 vs 3.0 f'cast, 2.8 prev
 - Headline MM CPI
 - 0.3 vs 0.3 f'cast, 0.1 prev

Market Movement Recap

- 08:36 AM after CPI 10yr yields are down 2.9bps at 4.406 and MBS are up an eighth
- 09:45 AM 10yr unchanged 4.434. MBS also unchanged and down just over an eighth from the highs.
- 11:29 AM weakness continues. MBS down 6 ticks (.19) and 10yr up 4.7 bps at 4.482
- 02:32 PM Steady, slight selling continues. MBS down 7 ticks (.22) and 10yr up 5.3bps at 4.488

Lock / Float Considerations

Tuesday's CPI put spin on the ball. Unfortunately, it was the wrong kind of spin for fans of low rates. Fortunately, it makes it a bit easier to pick a side in the lock/float debate until this wave of selling pressure subsides.

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

US Treasuries

2 YR	3.952%	+0.043%
30 YR	5.015%	+0.035%
5 YR	4.047%	+0.058%

Open Dashboard

Share This