Daily Coverage. Industry Leading Perspective.

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



Mike David Producing Branch Manager, Oklahoma Mortgage Group www.OklahomaMortgageGroup.c

om P: (918) 361-1550 M: (918) 361-1550 mike@omghomeloans.com

6666 S Sheridan Rd Tulsa Oklahoma 74133 1619714



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.

time and the set to be a set							
		MMBSU	IV€	10 ·		• 🔝 GLOW SC13	
INC PIECES		NEAL THE CHART MAN	0.0	HEAL THE CHART HO			MES LIVE OWN
10.100			NO 0708 LOW MOR 0.75 106.77 106.75 106.84	10 Year Deputy Y			COLOR OF MAL
	a transfer a	106.75 (0.00)	CHART CHURT TOUT + DEACT CHURT +	1.8270 (-0.0010		CONCORDER 1	Gen Outree
Red 20 Year's re-		Junction IN THE THE PARTY	CALL BOARD OF THE OWNER	Incoher IN SIL	A THE REPORT OF		The set of
	150						Anty Parls doubt Hack Street
							And Party Party and Contract
					10 Fear Dr.		Con state banks they
ine (d) Taxes - cross			104.04		And Address of Contract of Con		and not the test play?
10 10 10 10		1140	A A A A A A A A A A A A A A A A A A A		Bak 125		And Parks, Accessor
5 100.44 +0.00		NELLO, J.			Low 1.703		27. Taxe stocks playing a role for
						No. 1	The for Darials, 1 man
No. 50 Team Proc.							Christopher Koverni + 17 -
10 NO 10 -0 -0		0					ar very close to 182
15 104.88			A DESCRIPTION OF THE OWNER OWNER OF THE OWNER OWNE		1.		Christigher Streeter, 117-
10 10 10 10 10 10 10 10 10 10 10 10 10 1			and the second division of the second divisio				The ballot been this to
		See in the 1 was			STREET, SQUARE, SQUARE		Bathers Graham, 1 14 pr.
tes Pos	Yest		2.00	10 100	and the state of the		10pr patitis
100,2109 (10,000		LIVE NEWS STREAM					Batthew Graham (+ 11 pm
100,0078 (100,00	10.0410.0002			CONTRACTOR OF	INCO .	0.0	107 til in Be ante bage Bat
		Allocate And and places	teres a Pager 12 hours	and the second s			Callert Denizerth 110 pr.

© 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					
Alert					
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
 - **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.

	US Treasuries	
10 YR	4.485%	+0.050%
2 YR	3.952%	+0.043%
30 YR	5.015%	+0.035%
5 YR	4.047%	+0.058%
STR	4.047 /8	

Open Dashboard

Share This