MBS Recap: CPI Just as Risky as Usual--Perhaps More So

Greg Jacobs
Loan Officer, Movement Mortgage
movement.com/greg.jacobs
M: 850-491-8611
Tallahassee FL
1783981

MOVEMENTMORTGAGE

Member FDIC

EQUAL HOUSING LENDER

EQUAL HOUSING OPPORTUNITY

CPI Just as Risky as Usual--Perhaps More So

MBS Recap Matthew Graham | 5:00 PM

Bonds sold off on Thursday in a move that was as easy to chalk up to position-squaring ahead of CPI than anything else. The recent uptick in oil prices is also worth noting, but only if we remember that correlation is not always causality when it comes to that pairing. Given the absence of big ticket econ reports during the shutdown, Friday morning's CPI is getting plenty of attention--more than it deserves, to be sure, and much more than it would outside a shutdown. That said, the data is just as "live" in terms of its potential to cause volatility.

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

Watch the Video

MBS Morning

10:18 AM You Know Things Have Been Pretty Good When...

Alert

11:20 AM Weakest Levels of The Day

3:38 PM

Market Movement Recap

09:32 AM Slow, steady selling overnight and flat so far at weaker levels. MBS down 3 ticks (.09) and 10yr up 3.3bps at 3.98

11:20 AM MBS down 6 ticks (.19) and 10yr up 4.8bps at 3.995

01:17 PM Flat at weaker levels. MBS down 6 ticks (.19) and 10yr up 4.9bps at 3.996

Lock / Float Considerations

- While rates remained near long-term lows on Thursday, it's time to consider higher volatility risk associated with Friday morning's CPI release. There could be more focus than normal on CPI given that it is the only big-ticket government report that is coming out during the shutdown. Combine that with Thursday's underlying bond market weakness and it presents an argument in favor of a slightly more defensive lock/float stance. Of course if inflation is much lower than expected, bonds can certainly extend their recent rally, but as always, the market is already priced for everything it can know about how the data will come out.

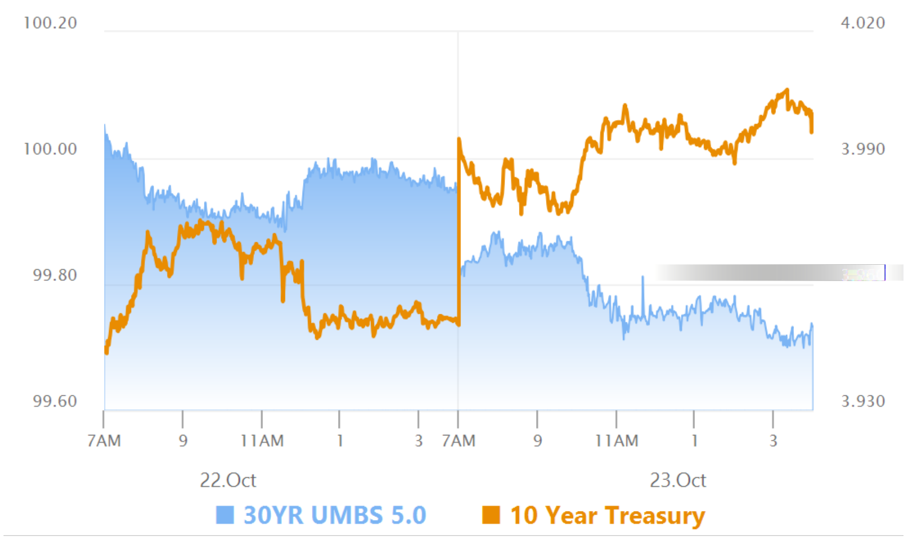
© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

Technicals/Trends in 10yr (**why 10yr**)

- Ceiling/Support (can be used as "lock triggers")
    - 4.48
    - 4.40
    - 4.34
    - 4.28
    - 4.19

- Floor/Resistance
    - 3.89
    - 3.99
    - 4.05
    - 4.12

MBS & Treasury Markets



MBS

30YR UMBS 5.0		
30YR UMBS 5.5		
30YR GNMA 5.0		
15YR UMBS-15 5.0		

US Treasuries

10 YR	3.996%	+0.049%
2 YR	3.492%	+0.049%
30 YR	4.579%	+0.049%
5 YR	3.609%	+0.059%

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

Open Dashboard

Share This

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