

MBS & TREASURY MARKETS

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MBS Recap: Wednesday's Gains Had More Staying Power Than Tuesday's



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Wednesday's Gains Had More Staying Power Than Tuesday's

MBS Recap | Matthew Graham | 3:41 PM

Both Tuesday's CPI and Wednesday's PPI came in much lower than expected. Both resulted in fairly big bond rallies. Whereas Tuesday's rally faded gradually after the initial pop, Wednesday's rally continued at a moderate pace as the day progressed. The only trade off was that the initial pop was a bit smaller. The net effect is that yields fell to the same levels seen in the few minutes following Tuesday's CPI. In that sense, the rally implies clear resistance at a 10yr yield level of 4.54%. From a strategic standpoint, rate watchers must consider that the data driving the rally benefited from June's lower fuel prices and that this dynamic has shifted back toward higher prices in July. With that in mind, the bond market's willingness to rally is actually rather impressive.



[Watch the Video](#)

MBS Morning

9:20 AM PPI Does Its Best CPI Impression. Bonds Like It

2:53 PM

Econ Data / Events

- ○ Core PPI m/m (Jun)
 - 0.2 vs 0.3 f'cast, 0.1 prev
- Core PPI y/y (Jun)
 - 4.7 vs 5.2 f'cast, 4.6 prev
- PPI m/m (Jun)
 - -0.3 vs 0.0 f'cast, 1.1 prev
- PPI y/y (Jun)
 - 5.5 vs 6.2 f'cast, 6.0 prev

Market Movement Recap

- 08:43 AM Weaker to open but stronger after PPI data. MBS up 3 ticks (.09) and 10yr down 1.4bps at 4.574
- 11:57 AM MBS up 7 ticks (.22) and 10yr down 3.7bps at 4.552
- 01:36 PM Roughly unchanged vs previous update. 10yr a bit lower now (4.1bps) at 4.548

Lock / Float Considerations

- 7/15/26 - Today's additional gains create room for risk-tolerant clients to use 4.61-4.62% as an overhead lock trigger, but we'd note some caution based on the fact that yields were unable to break yesterday's post-data lows. This creates a new resistance floor at 4.54%. Breaking below there would soften the outlook.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.69
 - o 4.62
- Floor/Resistance
 - o 4.28
 - o 4.34
 - o 4.36
 - o 4.42
 - o 4.54

MBS & Treasury Markets



MBS

30YR UMBS 5.5	+
30YR UMBS 6.0	+
30YR GNMA 5.5	+
15YR UMBS-15 5.0	+

US Treasuries

10 YR	4.550%	-0.039%
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10 YR	4.355%	-0.055%
2 YR	4.141%	-0.060%
30 YR	5.080%	-0.024%
5 YR	4.265%	-0.060%

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