MBS Recap: Bonds Looking Somewhat Optimistic Ahead of CPI

Bonds Looking Somewhat Optimistic Ahead of CPI

MBS Recap Matthew Graham | 4:56 PM

Bonds improved modestly on Tuesday which is actually a somewhat resilient/optimistic showing. The ongoing correlation with oil prices suggested less improvement (oil actually closed higher on the day). In addition, it's usually less of a surprise to see bonds struggle to rally on the first half of an auction cycle week. Granted, a spicy CPI on Wednesday would easily push back against any optimistic narratives, but if the data is tame, perhaps we're seeing hints that bonds would be more willing to respond than normal.

Watch the Video

MBS Morning

10:36 AM Stronger Start on Yet Another Peace Deal Teaser

4:39 PM

Market Movement Recap

09:32 AM

MBS up an eighth and 10yr down 3bps at 4.68

01:03 PM MBS still up an eighth. 10yr down 2.7bps at 4.682

03:45 PM super sideways. MBS up 3 ticks (.09) and 10yr down 1.7bps at 4.692

Lock / Float Considerations

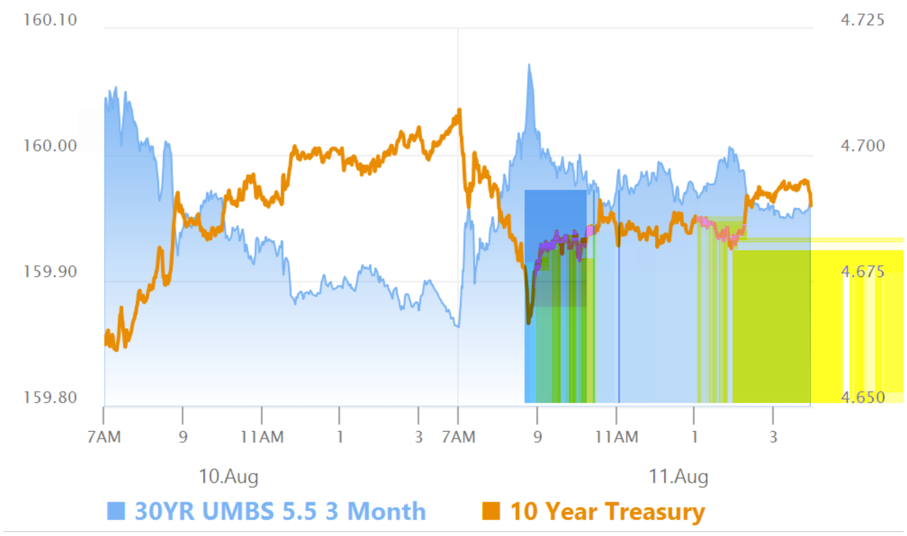
- 8/11/26 - Tuesday's ultra flat trajectory only serves to add emphasis to Wednesday's potential CPI reaction. For anyone that needs the reminder: there's no reliable way to know what the market is thinking ahead of time. Upside surprise = higher rates and vice versa. Data aside, bonds exuded a whiff of optimism today in that yields fell more than oil prices suggested--all the more interesting to see during the 1st half of a Treasury auction week.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.80
  - 4.71

- Floor/Resistance
  - 4.42
  - 4.54
  - 4.62

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	4.690%	-0.019%
2 YR	4.218%	-0.017%
30 YR	5.240%	-0.012%
5 YR	4.389%	-0.018%

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