MBS Recap: Solid Data-Driven Gains

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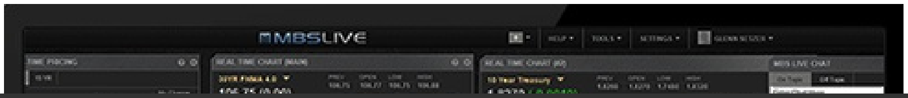
Solid Data-Driven Gains

MBS Recap Matthew Graham | 5:09 PM

Thursday was a fairly straightforward session for bonds. Yields fell modestly overnight in response to slightly lower oil prices and then more forcefully after the cooler-than-expected PPI data. Mid-day fuel price volatility caused a slight pull-back, but not enough to undo a reasonably robust rally by the close. If there's a "yeah but," it's that yields remain broadly sideways near long-term highs and were unable to challenge last week's lows.



Watch the Video

MBS Morning

9:51 AM Thank You PPI

Alert

1:13 PM MBS Down 6 Ticks (.19) From Highs

4:34 PM

Econ Data / Events

- Core PPI m/m (Jul)
  - 0.2% vs 0.3% f'cast, 0.2% prev
- Core PPI y/y (Jul)
  - 4.2% vs 4.2% f'cast, 4.7% prev
- Jobless Claims (Aug)/08
  - 209K vs 202K f'cast, 199K prev
- PPI m/m (Jul)
  - -- vs 0.2% f'cast, -0.3% prev
- PPI y/y (Jul)
  - 4.7% vs 4.9% f'cast, 5.5% prev

Market Movement Recap

08:36 AM Moderately stronger overnight and no whammies after PPI. MBS up an eighth and 10yr down 3bps at 4.666

12:55 PM

Off best levels, but still up 10 ticks (.31) in MBS, and 10yr down 5.3bps at 4.644

03:55 PM flat this afternoon. MBS up 10 ticks (.31) and 10yr down 5.3bps at 4.643

Lock / Float Considerations

- 8/13/26 - Lowest rates in nearly 4 weeks = always a compelling lock opportunity for risk-averse clients. That said, decent inflation data, the passing of the Treasury auction cycle, and overhead technical support for Treasury yields presents a similarly compelling opportunity for the risk-tolerant crowd. From technical standpoint, the risk is the trend of higher lows since July 29th with today representing another bounce.

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	4.639%	-0.057%
2 YR	4.147%	-0.052%
30 YR	5.214%	-0.046%
5 YR	4.318%	-0.061%

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