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MBS Recap | Matthew Graham | 5:29 PM

[illegible]



Watch the Video

Alert

8:32 AM More Selling After CPI Comes in Slightly Hot

Update

8:44 AM Back Into Positive Territory

MBS Morning

9:43 AM Paradoxical Rally in Bonds Thanks to Higher Fed Hike Odds

Alert

12:01 PM Down Over an Eighth From Rate Sheet Print Times

Alert

2:19 PM Negative Reprices Becoming More Likely

3:40 PM

Econ Data / Events

- - o m/m CORE CPI (Aug)
 - 0.3% vs 0.2% f'cast, 0.2% prev
 - o m/m Headline CPI (Aug)
 - 0.4% vs 0.4% f'cast, 0.1% prev
 - o y/y CORE CPI (Aug)
 - 2.4% vs 2.4% f'cast, 2.5% prev
 - o y/y Headline CPI (Aug)
 - 3.4% vs 3.4% f'cast, 3.4% prev

Market Movement Recap

08:45 AM 2 way trading after CPI. MBS up 2 ticks (.06) and 10yr down 1.9bps at 4.947

12:45 PM Off best levels. MBS up 3 ticks (.09) after being up 3/8ths earlier this morning. 10yr still down 1.8bps at 4.947 but up from lows of 4.904.

03:50 PM MBS down 3 ticks (.09) and 10yr up half a bp at 4.97

Lock / Float Considerations

- 9/11/26 - Today was a good reminder of the power of prevailing momentum. Even when it looked like we were winning, we were still losing. As always, a highly defensive strategy is the only strategy when bonds are in snowball selling mode. Of course, heavy selling introduces the possibility of a big individual bounce at some point, but it's not something that can be reliably timed/predicted and there's never a guarantee that such bounces are lasting turning points.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 5.00
- Floor/Resistance
 - o 4.54
 - o 4.62
 - o 4.71
 - o 4.80
 - o 4.83
 - o 4.93

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	4.970%	+0.005%
2 YR	4.619%	+0.040%
30 YR	5.355%	-0.010%
5 YR	4.784%	+0.027%

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