

## UPDATE: Bonds a Bit Nervous After Powell's Prepared Remarks

Powell's testimony is about to begin, but as is the custom, a prepared speech is available in advance. Here are some of the bullet points highlighted by data aggregators:

FED'S POWELL: FIRST QUARTER DATA DID NOT SUPPORT THE GREATER CONFIDENCE IN INFLATION PATH THAT THE FED NEEDS TO CUT RATES

POWELL: EASING TOO LITTLE, LATE COULD UNDULY WEAKEN ECONOMY

POWELL: GDP GROWTH APPEARS TO HAVE MODERATED IN FIRST HALF '24

POWELL: EASING TOO SOON, TOO MUCH COULD HARM INFLATION PROGRESS

FED'S POWELL: A POLICY RATE CUT IS NOT APPROPRIATE UNTIL THE FED GAINS GREATER CONFIDENCE INFLATION HEADED SUSTAINABLY TOWARD 2%.

FED'S POWELL: WE HAVE MADE CONSIDERABLE PROGRESS TOWARD THE 2% INFLATION GOAL, RECENT MONTHLY READINGS SHOW MODEST FURTHER PROGRESS

No single bullet point seems to jump out, but the market has nonetheless taken a bit of a **hawkish** message away. Yields jumped a quick 2bps with 10s up to 4.301. MBS fell several bps but are still near unchanged levels.

The initial pop of selling seems to be subsiding and the rest of the impact should come in response to Powell's unscripted answers.

(If you're watching live on MBS, keep in mind that these testimonies are HIGHLY politically charged events that have less to do with efficient delivery of monetary policy information and more to do with political grandstanding on both sides of the aisle).



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