

## UPDATE: Back to Strongest Levels as Powell Evades Commitment

Fed Chair Powell is going decisively out of his way to avoid making any commitments about the timing of the next rate cut. At the same time, his cryptic answers are being interpreted by the market as suggesting a fairly logical reaction function with respect to the next 2 CPI reports. In other words, if they're OK, the Fed is cutting, even though Powell hasn't directly said that.

This is all the market really needed to take away from today's Fed events and it wasn't perfectly possible after the announcement came out at 2pm.

The clarification has been worth a return to the best levels of the day with MBS up 5 ticks (.16). 10yr yields aren't quite back to their best levels, but well off the highs--down 3.2bps at 4.103.



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