

# MBS & TREASURY MARKETS

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## UPDATE: Erasing Most of The Weakness After Waller Comments

Fed's Waller is out with several rate-friendly comments and bonds are reacting. Here are the newswires:

FED'S WALLER WHEN ASKED ABOUT THE 50 BPS RATE CUT: IT WAS THE RIGHT NUMBER

FED'S WALLER: IN TERMS OF 25 BPS VS 50 BPS, MY SPEECH TWO WEEKS AGO SAID 25 BPS WAS A GOOD IDEA BUT OPEN TO 50. THE INFLATION DATA DURING THE BLACKOUT PUSHED ME TO A 50 BPS CUT

FED'S WALLER: INFLATION IS POTENTIALLY ON A LOWER PATH THAN WE WERE EXPECTING

FED'S WALLER: WE SEE A LOT OF ROOM TO MOVE DOWN IN NEXT 6-12 MONTHS

FED'S WALLER: ESTIMATE THAT AUGUST PCE WILL BE VERY LOW

FED'S WALLER: WE ARE COMPLETELY DATA DEPENDENT AT THIS POINT

MBS are up a quick 5 ticks (.16) from the lows and now down only 1 tick (.03) on the day. 10yr yields are still up 2.4bps at 3.735, but down from highs of 3.763.



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