

## MBS Recap: Moderate Losses For Bonds as Powell Says Fed Isn't in a Hurry to Cut



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## Moderate Losses For Bonds as Powell Stays "Hawkish"

**MBS Recap** Matthew Graham | 5:25 PM

In the lexicon of market watching, the Fed is considered to be **dovish** when they're saying things that are generally friendly for rates. When the opposite is the case, the term is "**hawkish**." Relative to expectations, the market felt Powell was **hawkish** at the press conference 2 weeks ago. Because of that, and because of the bond losses that followed, there was some false hope for a **dovish** counterbalancing act today. It wouldn't exactly be fair to say Powell was **hawkish**, but he certainly wasn't feeling compelled to throw the bond market a bone. The comment earning the most focus was essentially a reminder that the Fed is not in a hurry to cut rates and will be guided by data. This isn't really anything new, but bonds were modestly disappointed nonetheless.





Watch the Video

**Alert**

11:16 AM MBS Down About an Eighth From Highs

**MBS Morning**

12:21 PM Big Data Week With Jobs Report on Friday

**Alert**

2:14 PM Reprice Risk Increasing

**Market Movement Recap**

- 09:40 AM Choppy weakness overnight with a modest bounce back early. MBS down 3 ticks (.09) and 10yr yields up 1.6bps at 3.766
- 11:17 AM MBS now down 6 ticks (.19) and 10yr yields are up 2.5bps at 3.775
- 02:14 PM Weakest levels now. MBS now down more than a quarter on the day 10yr yields are up 4.7bps at 3.797
- 03:58 PM Modest bounce near the end of trading for the day. MBS still down 9 ticks (.22), but 10yr now up only 3.8bps at 3.788

**Lock / Float Considerations**

- The post-Fed correction is now arguably winding down just in time for the coming week of data to set the tone. Risk averse clients are waiting for better evidence of new rally momentum. Risk tolerant clients are rolling the dice on weak econ data. Results could push rates in either direction, but the biggest movement is reserved for the jobs report next Friday.

## Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - o 3.95
  - o 3.87
  - o 3.82
  - o 3.77
  - o 3.72
  
- Floor/Resistance
  - o 3.58
  - o 3.66

## MBS & Treasury Markets



### MBS

30YR UMBS 5.0  
 30YR UMBS 5.5  
 30YR GNMA 5.0  
 15YR UMBS-15 5.0

### US Treasuries

10 YR	3.781%	+0.031%
2 YR	3.642%	+0.083%
30 YR	4.117%	+0.014%
5 YR	3.558%	+0.055%

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