MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

MBS Recap: Dots and Powell Were Much Less Friendly Than Markets Expected



April Palacios Branch Sales Manager, Fairway Independent Mortgage Corporation

P: (980) 290-4140 M: (704) 989-2961

6431 Old Monroe Rd, Suite 201 Indian Trail North Carolina 28079 124941



Dots and Powell Were Much Less Friendly Than Markets Expected

MBS Recap Matthew Graham | 5:01 PM

We knew the bond market was expecting a hawkish shift in the dot plot (the chart that shows each Fed member's expectation for the Fed Funds Rate in the coming months/years), and while there is now easy way to know exactly how big the expected shift was, it was clearly not as big as the shift we actually saw! The median dot moved from the low 3% range for the end of 2025 to just under 4% (here's the before and after). On top of that, Powell's press conference offered no reprieve as he confirmed the Fed was entering a new policy-making phase marked by the possibility of pausing rate cuts and the reality that current rates are closer to neutral than previously believed. Bonds tanked immediately upon the release of the dots and then tanked some more as Powell began answering questions 30 minutes later.

						/			
			MMBSLIVE		🖬 • 100.0 • 100.0 • 100.0 • 🔝 0.000.012				
100 (1907	1 15	0.0	BEAL THE CHART MANE	0.0	REAL THE CHART P	R0)			MES LIVE OWN
10.18			STREEMALS *	PROV 0715 LOW MOR 106,75 106,77 106,75 106,88	TO HEAT THREADY				COLOR OF SHE
	Prot	Ny Change -	106.75 (0.00)	CHARLOWING + BURCLOWER +	1.8270 (-0.00		CON CHE CON	re IC OPTIONS =RE	Gran Chat There
Not 36 Year' /			June Charl 24 THE THE THE WAY THE THE THE		Tree Out M THE THE THE THE THE THE			The set for the set	
		1910			THE PART OF THE PART OF				
					and the second se				And Parks, Aug. 1.1 and
							18 Feat Treasury		and states installed a second
an 30 Team			1.1.1	11.11		- A-2-	100703-023094		Children Darrahe 1 man
		1984	11.485			1 4	Open: 1,/436 High: 1,7473		And And Parks, All Column
	10144-000			THE REAL PARTY			Low 1.7850	10	The state playing a rule
			- U - 16 O - C				Owner, 1 7914	100	The for Darials, 1 17 and
the Distance								1	an Aparet, apple bead of ea
				and the second se					Christopher Eiresen: + 17 ar way door is 1.82
	NOARE HETY						Take of		Christigher Versensi +17

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.



Watch the Video

Alert	
10:46 AM	Down an Eighth From AM Highs
MBS Mor	rning
11:31 AM	Stronger Start After Initial Weakness
Commer	itary
2:01 PM	Here's What Changed in The New Fed Announcement
Alert	
2:02 PM	First Move Following Fed is Weaker
Alert	
2:56 PM	Negative Reprices Are Highly Likely

Econ Data / Events

- • Housing Starts
 - 1.289m vs 1.34m f'cast, 1.312m prev
 - Building Permits
 - 1.505m vs 1.43m f'cast, 1.419m prev

Market Movement Recap

- 10:04 AM weaker overnight with Europe, but recovering in early domestic trading. MBS up 2 ticks (.06) and 10yr down 1bp at 4.391
- 12:47 PM 10yr down 1.5bps at 4.386. MBS up 1 tick (.03).
- 02:13 PM Sharply weaker after Fed announcement (and dot plot). MBS down a quarter point and 10yr up 4.7bps at 4.447

- 02:57 PM More losses during Powell Press Conference. MBS down almost half a point and 10yr up 8.5bps at 4.486
- 03:38 PM How low can we go? MBS down more than 5/8ths. 10yr up 10.3bps at 4.505

Lock / Float Considerations

All bets are off until further notice following the Fed day rout. That said, it has been and continues to be the case that any meaningful improvement in rates will require downbeat economic data and softer inflation. At this point in the year, we're waiting until early January for the next major shoes to drop (NFP and CPI, specifically).

Technicals/Trends in 10yr (why 10yr) - Ceiling/Support (can be used as "lock triggers")

- o **4.57**
- **4.50**
- Floor/Resistance
 - ° 4.20
 - ° 4.30
 - **4.35**
 - · 4.43



MBS & Treasury Markets

MBS

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

30YR UMBS 5.5 30YR UMBS 6.0 30YR GNMA 5.5 15YR UMBS-15 5.0

US Treasuries							
10 YR	4.518%	+0.117%					
2 YR	4.361%	+0.104%					
30 YR	4.698%	+0.108%					
5 YR	4.405%	+0.141%					

Open Dashboard

Share This