

## UPDATE: Bonds Back to Pre-Fed Levels

Powell addressed confusion over the policy statement text, basically saying it was only an attempt to shorten a sentence and not to send a signal on inflation. While there's no real way to reconcile the omission of the phrase "inflation has made progress toward the committee's 2 percent objective," markets were willing to take Powell's word for it. Thus began a steady move back toward the levels in place just before the 2pm Fed announcement.

MBS are down 2 ticks (.06) and 10yr yields are up 1.9bps at 4.553.

Some lenders could still be repricing for the worse even though bonds no longer make a case for that. The most reactive lenders (those who already repriced for the worse and who are frequently the earliest to reprice) could be moving back in the other direction if this rally sticks through the end of the press conference.



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