

MBS & TREASURY MARKETS

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MBS Recap: Uneventful Fed Day, Bonds Eventually Agree



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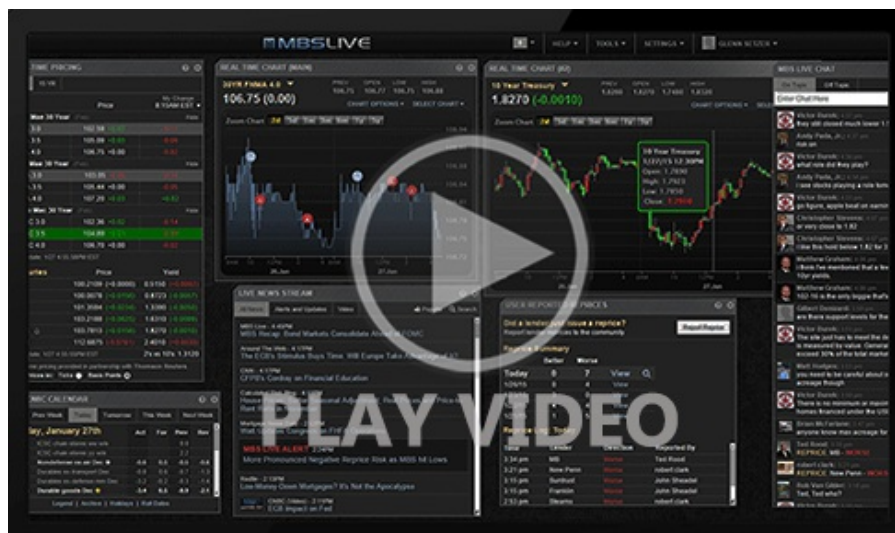
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Uneventful Fed Day, Bonds Eventually Agree

MBS Recap Matthew Graham | 4:25 PM

There's never a way to know with certainty that a Fed announcement will be uneventful, but if we had to assign relative probabilities, today's looked much more likely than normal to pass without a trace. In the immediate wake of the announcement, that didn't look like it was going to happen. Bonds sold quickly due to what seemed to be a notable verbiage change. Then in the press conference, Powell clarified the verbiage change and bonds unwound their initial reaction. MBS and Treasuries thus ended the day perfectly in line with pre-Fed levels, like it never even happened.



Watch the Video

Alert

11:12 AM Down More Than an Eighth From Highs

MBS Morning

12:12 PM Early Weakness But Bigger Picture is Unchanged

Commentary

2:01 PM Here's What Changed in The New Fed Announcement

2:03 PM First Move After Fed Announcement is Weaker

Update

3:03 PM Bonds Back to Pre-Fed Levels

Market Movement Recap

- 10:17 AM Modestly stronger overnight and flat so far. MBS up 2 ticks (.06) and 10yr down 1.1bps at 4.523
- 11:20 AM Into negative territory now. 10yr up half a bp at 4.54 and MBS down 1 tick (.03).
- 02:43 PM Initially weaker after Fed announcement, but recovering a bit during press conference. MBS down an eighth and 10yr up 3.3bps at 4.568

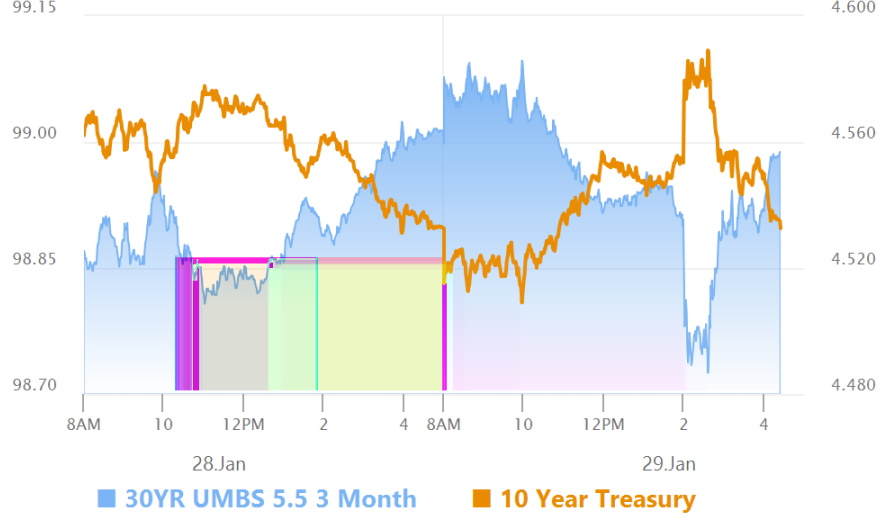
Lock / Float Considerations

- Bonds remained surprisingly calm as stocks unwound the initial explosion of DeepSeek drama. This is refreshing resilience, all things considered. It creates some room for risk takers to take risks even though those risks are only likely to pay off in a meaningful way if economic data comes in soft. Risk-averse clients are still waiting to see a confirmed shift in data and the rate trend.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.88
 - o 4.80
 - o 4.74
 - o 4.67
- Floor/Resistance
 - o 4.43
 - o 4.50
 - o 4.57

MBS & Treasury Markets



MBS

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

US Treasuries

10 YR	4.532%	-0.002%
2 YR	4.217%	+0.014%
30 YR	4.776%	-0.007%
5 YR	4.335%	+0.008%

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