

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

UPDATE: CORRECTION: Not Dots. QT Tapering

The previous post-Fed update focused on the dot plot, but the before and after chart was not accurate. This is the real version, and much more in line with our expectations for a 'light shuffling' of dots.

Before and After Dot Plot Comparison

| Rate | 2025 | | 2026 | | 2027 | |
|------|------------|------------|------------|-----|------------|-----|
| | DEC | MAR | DEC | MAR | DEC | MAR |
| 5.5 | | | | | | |
| 5.25 | | | | | | |
| 5.0 | | | | | | |
| 4.75 | | | | | | |
| 4.5 | | | | | | |
| | • | •••• | | | | |
| 4.25 | | | | | | |
| | •••• | •••• | ••• | | | |
| 4.0 | | | | | | |
| | •••••••••• | •••••••••• | •••• | | ••• | |
| 3.75 | | | | | | |
| | •••• | •• | ••••• | •• | •••••••• | |
| 3.5 | | | | | | |
| | • | | •••••••••• | | •• | |
| 3.25 | | | | | | |
| | • | | ••••• | • | •••••••••• | |
| 3.0 | | | | | | |
| | | | •••• | | •••• | |
| 2.75 | | | • | | • | |
| | | | | | •• | |
| 2.5 | | | | | | |
| | | | • | | • | |
| 2.25 | | | | | | |

This would imply the market movement motivation is instead coming from the announcement of the Fed tapering the quantitative tightening in Treasuries. In other words, they will be able to reinvest more of the balance sheet proceeds that had previously been running off into the void. Simplest brass tacks: the Fed can buy more bonds.

Jason Brookes

Broker, Grand Avenue
Realty & Lending

www.GrandAveLending.com

P: (562) 233-8564

4420 E. Miraloma Ave, Ste M
Anaheim California 92807

NMLS 1372327

DRE 1412977