Daily Coverage. Industry Leading Perspective.

MBS Recap: Post-Fed Rally is "Nice" But Not Quite Exciting



Patrick Smith Executive / Management / Banker, Integrated Funding P: (919) 847-2766

4098 Barrett Dr Raleigh NC 27609 67369



Post-Fed Rally is "Nice" But Not Quite Exciting

MBS Recap Matthew Graham | 4:19 PM

In a small vacuum, today's Fed announcement had a noticeably positive impact on bonds despite yielding "just another day" vibes in the bigger picture. Traders reacted to some combination of a reasonably steady dot plot and the announcement of slower balance sheet shrinkage (which, in turn, implies more bond buying in the short term at the expense of a longer wait before the Fed fully reinvests its balance sheet proceeds). If you don't understand that last part, don't worry. It's arcane. It is basically a technical adjustment in the pace, but not in the destination. The bottom line is that the adjustment was mildly friendly for bonds today, even if it was a technical adjustment and not an indication of easier monetary policy.

	MMBSLIVE	🔟 • 10.0 • 100.1 • MILLOS • 📗 GLOBERT	
THE PIECHS 0.0	NEAL THE CAULT MAINS 0 0	REAL TIME CHART (40)	MES LIVE OWN
na Marrie	106.75 (0.00)	10 Teat Treasury * Percent and Address of the Control of the Contr	Enrolution
Real 28 Year - Y	Anne Charl M DAY DAY DAY DAY DAY	Trans Chart Mr Sell Sell Sell Sell Sell Sell	Rector Datable, 199 (199) Two all diseased much lower 1 Rector Parties, 2019 (199) (199) Andre Parties, 2019 (199) (199)
43 19673-468 488 Mar 18 Taur (**** **** **** 38 196748 488 1978 38 196744 48.00 487	Mur uter	And	Autor Stands - Comments
AB 19729-120 410 Rec 30 Tear 7 10 10 235 10234-120 814 235 10448-121 207		land the second	Christian Baraki, Christen an Agara, Again bead of sami Christianian Threasan, Christianian an way close in 1.02 Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christianian Christiani Christianian Christiani Christianian Christian
48 19679-488 4897			The first his host below 1.82 for
Pair Yest 100_2000 6.0100 6.0100 100_2000 6.0100 6.0100 100_2000 6.0100 6.0200 100_2000 6.0100 6.0200 100_2000 6.0100 6.0200 100_2000 6.0100 6.0000 0 100_2000 6.0200 100000	Are the day of the second and the se	The state of the s	Realitieur Constanti, i i i un Realitieur Constanti, i i i un Collectri Desaterati, i i i un Realitieur Constanti, i i
INCOMPACTORY 2404 PERMIT	Average The Mark of 1994 The COT's Description Trans. Will Except Table 7. Average 4.12	Tanka unay	is measured by value Genery encoded 50% of the total marks

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



Watch the Video

Update
10:31 AM Down an Eighth From AM Highs
MBS Morning
12:34 PM Bring on The Dots
Commentary
2:00 PM Here's What Changed in The New Fed Announcement
Update
2:03 PM First Move is Stronger After Fed Dots Drop for 2025
Update Update Company and Co
2:20 PM CORRECTION: Not Dots. QT Tapering

Market Movement Recap

^{10:34} AM Roughly unchanged overnight and slightly weaker in the past hour. MBS down an eighth and 10yr up 1.6bps at 4.302

01:00 PM Sideways since the last update. MBS down 3 ticks on the day and 10yr up 2.4bps at 4.311

- 02:25 PM Stronger after Fed announcement (greatly slowing the pace of Treasury tightening). MBS up 2 ticks (.06) and 10yr down 1.3bps at 4.274
- 03:41 PM Holding gains after Powell press conference. MBS up 5 ticks (.16) and 10yr down 3.4bps at 4.253

Lock / Float Considerations

Bonds/rates have generally been in consolidation mode after hitting the best levels in early March. That's been mostly a sideways affair, but a breakout in either direction is possible. While there was a risk of a breakout associated with the Fed announcement, (and while rates technically broke out to the downside), it's easier to make a case that the consolidation pattern now merely shifts to a trading range (less of a triangle and more like a rectangle). This has limited relevance for locking/floating, but it does give the risk-tolerant crowd some more room to maneuver before hitting stop-loss ceilings. The risk-averse crowd is happy to lock the lowest rates in over a week and nearly the lowest rates in several months.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - **4.57**
 - **4.50**
 - **4.40**
 - **4.34**

- Floor/Resistance

- ° 4.05
- **4.12**
- **4.19**

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	4.245%	-0.041%		
2 YR	3.978%	-0.061%		
30 YR	4.555%	-0.030%		
5 YR	4.025%	-0.052%		

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

Open Dashboard

Share This