

MBS & TREASURY MARKETS

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



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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.



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%

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