

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Bonds Cheer Powell Pivot

Today's Jackson Hole speech gave Fed Chair Powell an opportunity to adjust his stance in light of much weaker jobs report that came out 2 days after the last Fed meeting. Powell had quite a bit to say, but the only thing the market really needed hear in order to facilitate a reaction was that the balance of risks may warrant adjusting policy. A close second was that tariff-driven inflation was unlikely to be a lasting dynamic given the downside risks to the labor market. Bonds rallied instantly on the release of the speech with short-term yields logically leading the way (due to their closer connection to Fed rate expectations). September rate cut odds moved back to the 90%+ levels seen earlier this week. 10yr yields are back in the middle of their August range and MBS are back near 2025's highs.



Anthony E. Clark

Executive Branch Manager,
West Capital Lending

westcapitalending.com/.../anthony-clark

P: (949) 751-1062

M: (714) 376-2346

aclark@westcapitalending.com

24 Executive Park Suite 250
Irvine California 92614

Corporate NMLS# 1566096
Individual NMLS# 970244



