MBS Recap: Jackson Hole Speech Delivers

Jason Wood
Mortgage Advisor & VA Loan Specialist, VA Loan Guy
www.valoanguyusa.com
P: (760) 350-3989
M: (760) 217-0820
2714 Loker Ave. W.
Carlsbad CA 92010___
317293

Jackson Hole Speech Delivers

MBS Recap Matthew Graham | 4:38 PM

Powell's Jackson Hole speech was this week's only big ticket in terms of market movement potential and it definitely delivered. We haven't heard from Powell since 2 days before infamous August 1st jobs report. His tone logically pivoted to place incrementally more focus on the Fed's full employment mandate while repeating that the base case is for tariff-driven inflation to be--well--transitory. Combine that with his reminder that policy rates are still in restrictive territory and the takeaway was a subtle but obvious openness to consider a September cut. Traders were surprisingly surprised by this, thus making for a decent little rally in bonds. Gains arrived swiftly and hung out uneventfully through the close.

Watch the Video

Update

10:06 AM Bonds Rallying on Dovish Powell

MBS Morning

10:59 AM Bonds Cheer Powell Pivot

3:22 PM

Market Movement Recap

09:56 AM	Flat overnight and slightly stronger in early trading. MBS up 1 tick (.03) and 10yr down 1.8bps at 4.309
10:16 AM	Sharp rally after Powell speech. MBS up 10 ticks (.31) and 10yr down 7.2bps at 4.254
01:25 PM	Holding fairly close to strongest levels. MBS up nearly 3/8ths and 10yr down 7bps at 4.258
03:42 PM	little-changed at strongest levels. MBS still up 3/8ths and 10yr down 6.7bps at 4.260

Lock / Float Considerations

- Super solid rallies to the lowest rates in more than 10 months = always a compelling lock opportunity--especially for risk-averse clients. Very little has changed for risk-tolerant clients as the bigger revelations for rates would follow the early September econ data. Floaters who weren't quite comfortable using 4.40% as a stop-loss level in 10yr yields now have a more comfortable a cushion via the convenient and well-established support zone around 4.34%.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 4.64
  - 4.48
  - 4.40
  - 4.34
  - 4.28

- Floor/Resistance
  - 3.99
  - 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	4.252%	-0.074%
2 YR	3.695%	-0.090%
30 YR	4.876%	-0.042%
5 YR	3.758%	-0.103%

Open Dashboard

Share This