

# MBS & TREASURY MARKETS

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## UPDATE: First Reaction to Fed Announcement is Stronger

- 25bp cut, as expected
- Dot plot comparison attached. Median at 3.625 (2 more 2025 cuts)

Bonds are rallying as expected in the "2 more cuts" scenario.

10yr down 1.9bps at 4.01 and MBS up an eighth.

**Before and After Dot Plot Comparison**

| Rate | 2025       |            | 2026       |            | 2027       |            | Longer Run |            |
|------|------------|------------|------------|------------|------------|------------|------------|------------|
|      | JUN        | SEP        | JUN        | SEP        | JUN        | SEP        | JUN        | SEP        |
| 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 |            |            |            |            | •          |            |            |            |



Robert Shamie

Fidelity Residential

<https://fidresi.com>

P: (732) 686-9999 x101

M: (732) 859-2400

