

MBS & TREASURY MARKETS

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MBS Recap: Modestly Stronger After No Whammies From Powell



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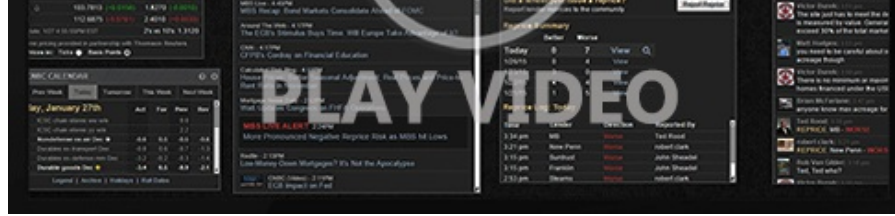


Modestly Stronger After No Whammies From Powell

MBS Recap | Matthew Graham | 4:15 PM

Last week's press conference with Fed Chair Powell could be summed up as "more **hawkish** than the market expected." After being compounded by strong econ data on Thursday morning, the selling spree ran its course and we've been mostly sideways over the past 3 days. Today ended up being the best version of sideways with yields almost making it back to Thursday's closing levels. Most of the move happened after Powell finished a Q&A this afternoon. This suggests traders were relieved that he didn't reinforce the **hawkish** talking points from last week. All told, it wasn't a big move, but it was a friendly one nonetheless.





Watch the Video

MBS Morning

11:03 AM Which Powell Will We Get Today?

3:42 PM

Econ Data / Events

- ○ S&P Global Composite PMI (Sep)
 - 53.6 vs 54.6 f'cast, 55.1 prev
- S&P Global Manuf. PMI (Sep)
 - 52 vs 52 f'cast, 53.0 prev
- S&P Global Services PMI (Sep)
 - 53.9 vs 54 f'cast, 54.5 prev

Market Movement Recap

- 09:56 AM Modestly stronger overnight. No major reaction to PMI data. MBS up 2 ticks (.06) and 10yr down 1.2 bps at 4.138
- 12:53 PM MBS unchanged and 10yr down 1.2bps at 4.137
- 01:47 PM Making some gains after Powell Q&A. MBS up an eighth of a point and 10yr down 3.6bps at 4.112
- 03:52 PM heading out near best levels. MBS up 5 ticks (.16) and 10yr down 4bps at 4.109

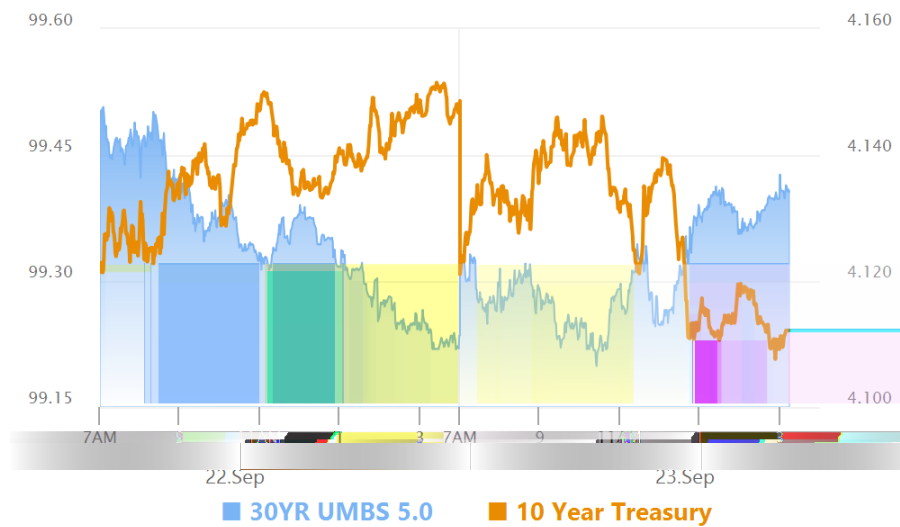
Lock / Float Considerations

- Tuesday's session brought the best evidence yet that last week's post-Fed selling had run its course by Thursday afternoon. This brings risk/reward back to lower, more balanced levels.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - 4.48
 - 4.40
 - 4.34
 - 4.28
 - 4.19
- Floor/Resistance
 - 3.89
 - 3.99
 - 4.05
 - 4.12

MBS & Treasury Markets



MBS

30YR UMBS 5.0	+
30YR UMBS 5.5	+
30YR GNMA 5.0	+
15YR UMBS-15 5.0	+

US Treasuries

10 YR	4.112%	-0.037%
2 YR	3.590%	-0.010%
30 YR	4.727%	-0.038%
5 YR	3.673%	-0.031%

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