

# MBS & TREASURY MARKETS

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## MBS Recap: Another Hawkish Powell Press Conference Harshes Bonds' Mellow



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## Another Hawkish Powell Press Conference Harshes Bonds' Mellow

**MBS Recap** | Matthew Graham | 3:11 PM

The Fed cut rates and ended QT. Neither were surprises for markets and neither had an impact. The press conference was [hawkish](#), however, with Powell saying a December cut was far from a foregone conclusion. This is very much counter to the market's expectation that a December cut was a lock. Fed Funds Futures tanked and yields surged about 8bps in the 10yr. MBS lost about 3/8ths and negative reprices continue to roll in.

The screenshot shows the MBS Live interface. On the left, there are two tables of bond prices and yields for MBS 30 Year and MBS 10 Year. The middle section features two line charts: one for the 30 Year FOMC and one for the 10 Year Treasury. The 30 Year FOMC chart shows a significant dip followed by a recovery. The 10 Year Treasury chart shows a similar pattern. Below the charts is a video player with a play button. To the right of the charts is a sidebar with a 'MBS LIVE Chat' section containing a list of messages from users. At the bottom, there are news headlines and a 'GIVE A REPORT ON PRICES' section.



Watch the Video

## MBS Morning

11:50 AM What Matters in Today's Fed Announcement

Alert

1:28 PM Some Selling Ahead of Fed

Alert

1:41 PM Negative Reprice Risk Increasing

## Commentary

2:01 PM Here's What Changed in The New Fed Announcement

Alert

2:03 PM First Move After Fed is Mixed

Alert

2:28 PM Weakest Levels Ahead of Powell Press Conference

Alert

2:39 PM Reprices Becoming Likely After Powell Comment on Dec Cut

## Econ Data / Events

- - Case Shiller Home Prices-20 y/y (Aug)
    - 1.6% vs 1.9% f'cast, 1.8% prev
  - CaseShiller 20 mm nsa (Aug)
    - -0.6% vs -- f'cast, -0.3% prev
  - FHFA Home Price Index m/m (Aug)
    - 0.4% vs 0.1% f'cast, -0.1% prev
  - FHFA Home Prices y/y (Aug)
    - 2.3% vs -- f'cast, 2.3% prev
  - CB Consumer Confidence (Oct)
    - 94.6 vs 93.2 f'cast, 94.2 prev
    - Labor differential: 9.40 vs 7.80 prev

## Market Movement Recap

10:26 AM modestly weaker overnight and holding steady so far. MBS down 1 tick (.03) and 10yr up 1.6bps at 3.992

01:28 PM 10yr yields are up 2.9bps at 4.005 and MBS down 3 ticks (.09)

01:41 PM MBS now down 5 ticks (.16) and 10yr up 3.5bps at 4.012

## Lock / Float Considerations

- The negative reaction to the Fed press conference runs some risk of follow-through on Thursday. Risk averse clients are already locked. Risk-tolerant clients may be seeing their sign to lock in today's developments. We won't be comfortable saying that risk/reward is back to a balanced level until we see that this afternoon's negative momentum fails to follow through in the 2nd half of the week.

## Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - o 4.48
  - o 4.40
  - o 4.34
  - o 4.28
  - o 4.19
  - o 4.12
  - o 4.05
- Floor/Resistance
  - o 3.89
  - o 3.97

## 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	4.058%	+0.082%
2 YR	3.586%	+0.096%
30 YR	4.599%	+0.053%
5 YR	3.699%	+0.091%

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