

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## MBS Recap: Powell Avoided Throwing Cold Water on Rate Outlook. Bonds Approved



**Jason R. Richardson**

City First Mortgage

[RichardsonLending.com](http://RichardsonLending.com)

**P:** (800) 475-6255

**M:** (661) 857-2202

[jason@city1st.com](mailto:jason@city1st.com)

750 S Main Street  
Bountiful UT 84010

**NMLS#256859**

Licensed in AL, CA, CO, HI, OH, TN,  
TX



## Powell Avoided Throwing Cold Water on Rate Outlook. Bonds Approved

**MBS Recap** | Matthew Graham | 4:39 PM

Today's gains ended up being all about Powell's press conference. While there were a few potentially friendly comments (current rates in high end of neutral range, recent job gains overstated, no decision yet on January, inflation coming down), we can also consider that Powell simply avoided the same sort of **hawkish** reminders seen in the last press conference. On a day where bonds had already been selling fairly aggressively for 2 weeks, this could be all the market needed to breathe a sigh of relief and reinforce the ceiling of the prevailing trading range. All in all a fairly tame Fed day reaction, but one with a happy ending nonetheless.





Watch the Video

## MBS Morning

10:14 AM What to Watch in Today's Dot Plot

### Commentary

2:00 PM Here's What Changed in The New Fed Announcement

### Update

2:04 PM No Major Reaction to Rate Cut and Dot Plot Yet

### Update

2:47 PM Treasuries Turning Unchanged on Powell Comments

### Update

3:09 PM Back up to Best Levels

4:16 PM

## Econ Data / Events

- ○ Employment costs Q3
  - 0.8% vs 0.9% f'cast, 0.9% prev

## Market Movement Recap

08:46 AM Slightly weaker overnight and little-changed so far. 10yr up 1.1bps at 4.197. MBS up 2 ticks (.06).

11:29 AM Best levels of the day. MBS up 7 ticks (.22) and 10yr down 2.4bps at 4.162

02:40 PM

02:40 PM No major volatility since Fed announcement. Slightly weaker as Powell begins speaking. MBS still up a quarter point. 10yr down 1.3bps at 4.176

03:09 PM MBS up 3/8ths and 10yr down 4.1bps at 4.145.

## Lock / Float Considerations

- The friendly reaction to the Fed announcement (and press conference) helps reinforce the prevailing range. Risk-tolerant clients will use the ceiling of the range as a lock trigger while risk-averse clients will capitalize on today's mid-day price improvements. Volatility risk decreases over the next few days, but will pick back up again leading up to the Dec 16th jobs report.

## 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 | 4.155% | -0.031% |
| 2 YR  | 3.543% | -0.073% |
| 30 YR | 4.793% | -0.016% |
| 5 YR  | 3.736% | -0.058% |

[Open Dashboard](#)

[Share This](#)