

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Bond Market Only Marginally Interested in Powell Drama For Now

The most important-sounding news over the weekend was last night's subpoena of Fed Chair Powell over statements made to congress regarding the Fed's building renovations. Bond yields were slightly higher this morning and commentators erroneously connected those dots. There was actually no meaningful movement in either direction when the news hit, but trading volume confirms the news was noticed.



Forex markets also confirmed a reaction with the dollar losing obvious ground vs the Euro, but Treasury futures weren't well-correlated with that move. The following chart shows the percent change in EUR/USD and 10yr futures prices (note for the keen observers, the y-axis is inverted such that a lower orange line means lower bond yields and a lower blue line means a weaker dollar).



Sylvia Sanders

Loan Officer, C2 Financial |
Military Lending Pros | The
Sanders Team

www.sylviasanders.com

P: (760) 429-4470

M: (760) 429-4470

sylvia@sylviasanders.com

12230 El Camino Real #100
San Diego CA 92130

NMLS #633013 | CA DRE
02094109 | AZ MLO Lic 094848
NMLS #135622 | CA DRE
01821025 | FLOFR # MLD2635



Weakness crept in gradually in the overnight session and about half of it has been erased in early trading. The net effect is a bond market that continues to operate in the same old range, albeit close to the weaker boundary.