

MBS & TREASURY MARKETS

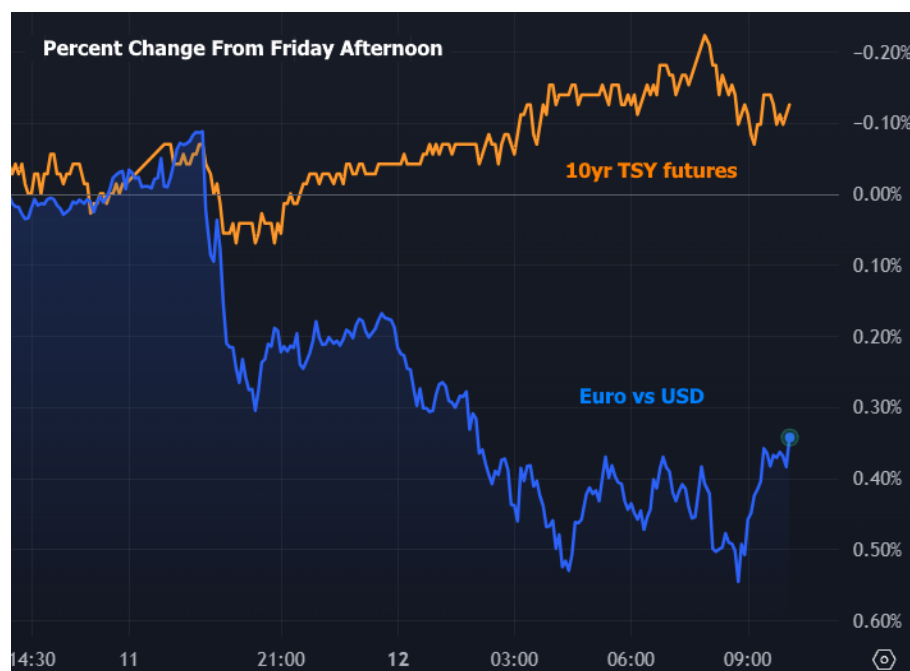
Daily Coverage. Industry Leading Perspective.

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).



Russell Baboff

VP, Mortgage Banker,
William Raveis Mortgage,
LLC

www.raveis.com/.../officerprofile.asp

P: (860) 463-1745

M: (860) 463-1745

7 Trap Falls Road
Shelton CT 06117
1014636



Mary Chappano

Sales Associate, CHP,
William Raveis Real Estate

www.raveis.com/.../16755

M: (860) 748-6960

Mary.Chappano@raveis.com

200 West Main Street
Avon CT 06001

WILLIAM RAVEIS

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.

