

MBS Recap: No Surprises From Powell. No Major Movement in Rates



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MBS Recap | Matthew Graham | 4:15 PM

As expected, the Fed held rates steady today. The statement was moderately more hawkish in that it acknowledged progress on the labor market front and overall economy. To the very small extent that the statement was **hawkish**, Powell's press conference could be viewed as counterbalancing due to the non-threatening characterization of inflation and ongoing openness to additional easing if conditions justify it. Bonds are heading out the door almost exactly in line with opening levels and there wasn't much movement in between.

The screenshot shows the MBS LIVE interface. On the left, a 'TIME PRICING' table displays bond yields for various maturities, including 2, 3, 5, 7, 10, and 30-year Treasury notes. The 30-year note yield is listed as 3.05%. In the center, a 'REAL TIME CHART (BOND)' for the 30-Year FOMC is shown, with the price at 106.75 (0.00). To the right, another chart for the 10-Year Treasury shows a price of 1.8270 (-0.0010). A large circular play button is overlaid on the charts. At the bottom, a 'PLAY VIDEO' button is visible. The interface also includes a 'LIVE NEWS STREAM' and a 'GENERAL REPORTS & PRICES' section.



[Watch the Video](#)

MBS Morning

10:10 AM Re-Entry Rejected. What Can The Fed Say?

Commentary

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

Update

2:05 PM No Major Reaction to Fed; Waller and Miran Dissent

4:05 PM

Market Movement Recap

09:24 AM Just barely stronger overnight and sideways so far this morning. MBS unchanged and 10yr effectively unchanged at 4.248.

12:38 PM MBS down 1 tick (.03) and 10yr up 1.3bps at 4.259

03:10 PM Limited reaction to Fed. Gaining some ground as Powell presser continues. MBS up 1 tick (.03) and 10yr unchanged at 4.246

Lock / Float Considerations

- Mortgage rates have some insulation against broader bond market sell-offs due to GSE MBS purchases, but barring a big Treasury rally, the lower limit of the mortgage rate range was established in early January. One of two things is required for a meaningful push back toward lower rates: more selling to set an entry point for bond buyers, or legitimate deterioration in big ticket data (and there's none on the horizon until the first week of February).

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
 - o 4.48
 - o 4.40
 - o 4.34

- 4.34
- 4.28
- 4.19
- 4.12
- 4.05

- Floor/Resistance

- 3.89
- 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	4.244%	-0.002%
2 YR	3.576%	-0.002%
30 YR	4.855%	-0.006%
5 YR	3.833%	+0.004%

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