

MBS & TREASURY MARKETS

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



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No Surprises From Powell. No Major Movement in Rates

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 software interface. On the left, there's a 'TIME PRICING' table for various bond maturities. The main area features a 'REAL TIME CHART (MAIN)' for the 30-Year FOMC 4.0, showing price, yield, and spread data. To the right is another chart for the 10-Year Treasury. A large video player in the center is playing a video titled '10 Year Treasury 11/16/19 12:30PM'. On the right side, there's a 'MBS LIVE CHAT' window with a list of messages from users like 'Roger Brooks', 'Andy Pfeifer', and 'Mike H. 11/16/19'. At the bottom, there's a 'LIVE NEWS STREAM' and a 'GENERAL REPORTS ON 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

- 4.40
- 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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