

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.

PLAY VIDEO

The screenshot displays the MBS LIVE interface. On the left, there's a 'REAL TIME PRICING' section for 30-Year and 10-Year bonds. The center features two 'REAL TIME CHARTS': one for the 30-Year FOMA 4.0 (Price: 106.75, Yield: 3.05%) and one for the 10-Year Treasury (Price: 1.8270, Yield: 1.75%). A large play button is overlaid on the charts. To the right is a 'LIVE CHAT' window with a list of messages from users like 'Andy' and 'Glenn'. Below the charts, there's a 'LIVE NEWS STREAM' and a 'GSCA REPORTED PRICES' section. At the bottom, there's a 'MBS ALERT' for 'More Pronounced Negative Reprice Risk as MBS Mt. Lows'.



[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")
 - 4.48
 - 4.40
 - 4.34
 - 4.28

- 4.23
- 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	4.244%	-0.002%
2 YR	3.576%	-0.002%
30 YR	4.855%	-0.006%
5 YR	3.833%	+0.004%

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