

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.



## MBS Recap: Bonds Weren't Prepared For Fed's Inflation Fears



**Doug Hill**

Branch Manager,  
Nationwide Mortgage  
Bankers

[www.nmbnow.com/dhill](http://www.nmbnow.com/dhill)

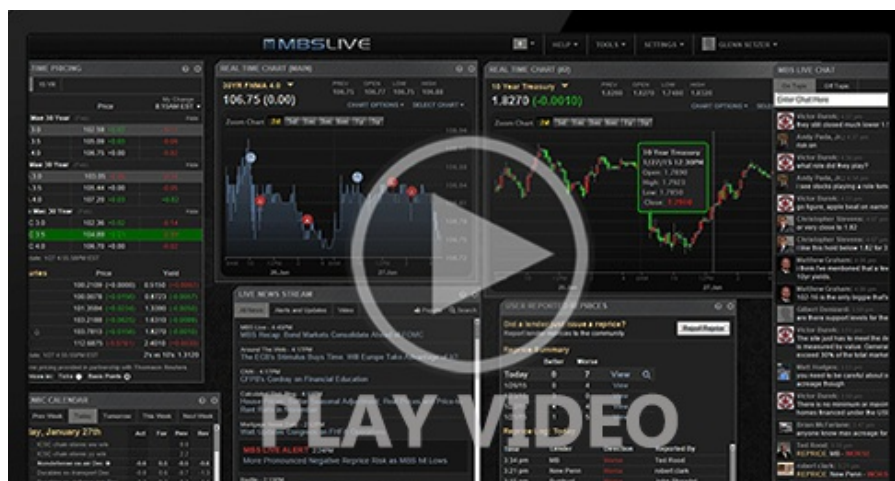
P: (845) 454-6088

460 Freedom Plains Rd  
Poughkeepsie NY 12603  
NMLS#65379

## Bonds Weren't Prepared For Fed's Inflation Fears

MBS Recap | Matthew Graham | 5:03 PM

If anything, you'd think the market would have been pricing in a hawkish Fed day, given the run up in energy prices. But Powell threw reporters a curve ball during the press conference and instead placed the focus on other categories of inflation that were under the microscope before the energy price spike (like core goods and non-housing services), saying there'd been less progress than hoped. The takeaway was that rate cuts are on hold for the foreseeable future. The market agrees, as it is now pricing the next rate cut at more than a year in the future. Bonds were already losing ground on oil price spikes (and PPI to a lesser extent). The net effect took yields back near recent highs and hit MBS for almost half a point.



Watch the Video

## MBS Morning

9:14 AM Overnight Gains Erased by PPI/Oil. Fed on Deck

## Commentary

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

## Update

2:05 PM Minimal Reaction to Fed Announcement and Dots So Far

## Alert

2:42 PM Weakest levels as Powell answers inflation questions

## Alert

2:56 PM Negative Reprice Risk Increasing

## Econ Data / Events

- ○ Core PPI m/m (Feb)
  - 0.5% vs 0.3% f'cast, 0.8% prev
- Core PPI y/y (Feb)
  - 3.9% vs 3.7% f'cast, 3.6% prev
- PPI m/m (Feb)
  - 0.7% vs 0.3% f'cast, 0.5% prev
- PPI y/y (Feb)
  - 3.4% vs 2.9% f'cast, 2.9% prev

## Market Movement Recap

- 08:32 AM Slightly weaker after PPI data. MBS unchanged after being up a few ticks and 10yr up .8bps at 4.207
- 09:16 AM additional weakness with oil prices spiking. 10yr up 2.8bps at 4.227 and MBS down more than an eighth of a point
- 02:12 PM modestly stronger after Fed announcement. MBS still down 3 ticks (.09) and 10yr up 1.5bps at 4.214

02:57 PM MBS are now down 9 ticks (.28) and 10yr up 5.3bps at 4.253

04:13 PM Weakest levels. MBS down nearly half a point and 10yr up 6.6bps at 4.266

## Lock / Float Considerations

- updated 3/18/26 after Fed day.

Fed reaction added more volatility than expected to an already volatile environment. Risks remain elevated mainly due to geopolitical uncertainty and the energy price rout. All of March has been generally a one-way trade for bonds with a few corrective moments. We'd continue to wait for the dust to definitively settle before feeling like taking any major risks with locking/floating.

## Technical/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")

- 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	4.269%	+0.070%
2 YR	3.776%	+0.102%
30 YR	4.884%	+0.042%
5 YR	3.878%	+0.083%

---

[Open Dashboard](#)[Share This](#)