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MBS Recap: Minimal Impact From Fed

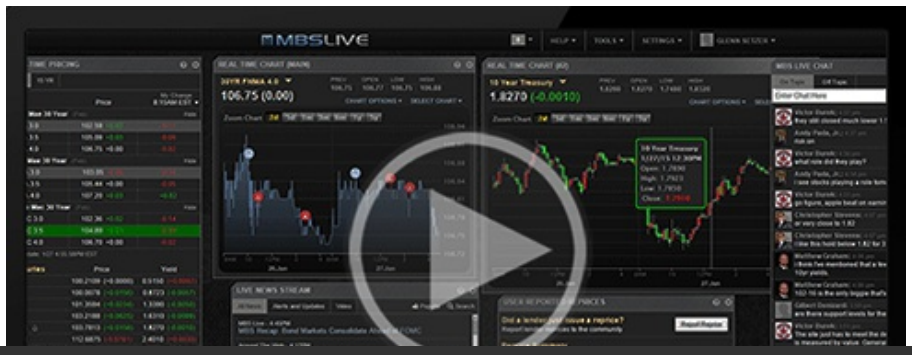


George Moorhead
Designated Broker / President, Bentley Properties
www.GeorgeMoorhead.com
P: (425) 747-1901
M: (425) 236-6777
georgem@bentleyproperties.com
14205 SE 36th St
Bellevue WA 98006
Washington RE License 2390

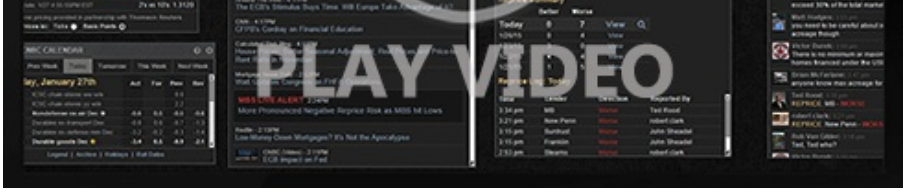
Minimal Impact From Fed

MBS Recap Matthew Graham | 4:48 PM

Fed day has come and gone with minimal fanfare. Markets ultimately found reason to downgrade expectations for future rate hikes (likely due to Warsh's general "wait and see" comments during the press conference), but at the expense of a bit of weakness in the longer end of the yield curve. In other words, 2yr yields fell and 10yr yields rose. Neither were appreciably far from levels seen 2 days ago. Additionally, not all of the above should be attributed to the Fed. 10yr yields are actually ending the day lower compared to levels seen around noon (2 hours before the Fed announcement). Overnight weakness in the 10yr is easier to connect to lower funding costs for some of the neocloud companies that have recently been under the microscope. Afternoon gains corresponded with Oracle saying it anticipated lower funding needs.



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Alert

10:24 AM Down a Quick Eighth From AM Highs

MBS Morning

10:38 AM Bonds Trying to Ignore Tech Sector Healing

Commentary

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

Alert

2:20 PM Weakest Levels After Fed Announcement

4:20 PM

Lock / Float Considerations

- 10/28/26 - General groundholding continues, but pressure has been mounting in the form of calmer nerves in the tech. Some small amount of risk associated with PCE and GDP data tomorrow.

- The bond rally in the 2nd half of October was driven by a surge in anxiety over certain parts of the tech sector. That anxiety and the corresponding rate rally have leveled off for now, but could head in EITHER direction depending on the tech sector narrative. Don't be complacent about the risk of a rebound.

Technicals/Trends in 10yr (why 10yr)

- Ceiling/Support (can be used as "lock triggers")
  - 5.34
  - 5.27
  - 5.14

- Floor/Resistance
  - 4.83
  - 4.93
  - 5.00
  - 5.07

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MBS & Treasury Markets



MBS

30YR UMBS 6.0	+
30YR UMBS 6.5	+
30YR GNMA 6.0	
15YR UMBS-15 5.0	+

US Treasuries

10 YR	5.008%	+0.009%
2 YR	4.685%	-0.052%
30 YR	5.335%	+0.023%
5 YR	4.826%	-0.012%

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