



Jeff Schlesinger

Mortgage Banker, Priority Financial Network

NMLS 316097 CABRE 01738366

5016 N Parkway Calabasas Suite 200 Calabasas, CA 91302

Office: (818) 936-3899

Mobile: (818) 522-4757

Jeff@JeffSchlesinger.com

[View My Website](#)

UPDATE: Fed Bullet Points, Paraphrased (BONDS RALLYING NOW)

Combining two updates here. The important part from a tactical standpoint is that bonds are back to the best levels of the day, which is a more logical outcome for reasons you'll read below in the paraphrased bullet points.

- 25bp rate cut, as expected
- Balance sheet run-off to end in August (2 months early)
 - That's a good thing for bonds as it leaves more potential reinvestment \$ on the table
- Reinvestments go to Treasuries first, up to \$20bln/mo
- Anything over \$20 bln goes to MBS (won't be much)
- Household spending has picked up, but business investment is weak
- Fed says economic expansion, strong labor market, and near-target inflation are likely outcomes, but uncertainties remain
 - This last bullet leaves the door open for the Fed to treat this as a "one and done" cut depending on economic performance over the next few months.

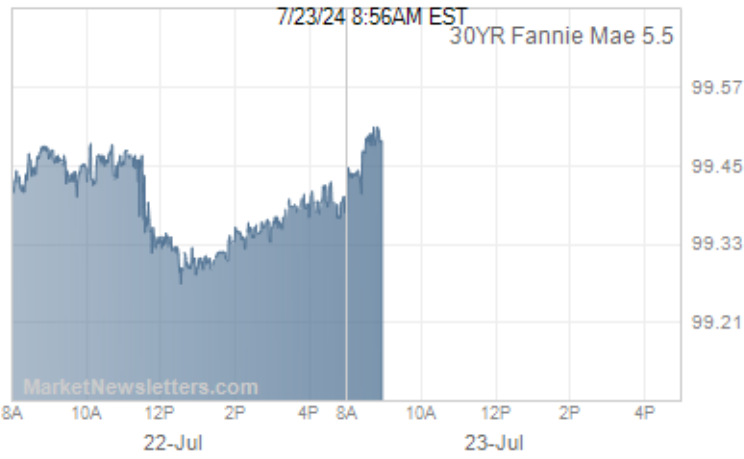
The Fed didn't change any more of the previous verbiage than it needed to in order to cut rates and give a brief not to economic developments.

On balance, the early end to the balance sheet reduction is the biggest positive takeaway--so much so that it makes the initially weak reaction somewhat puzzling. All we can conclude is that markets took brief exception to the absence of a 50bp cut (not that they were really expecting such things) or to the absence of more strongly-worded assurances of future cuts. That last point is probably the closest thing we have in terms of a root cause for post-Fed weakness.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.49	+0.10
MBS GNMA 5.5	99.91	+0.13
10 YR Treasury	4.2315	-0.0210
30 YR Treasury	4.4542	-0.0183

Pricing as of: 7/23 8:56AM EST



Subscribe to my newsletter online at: <http://mortgageratesupdate.com/jeffschlesinger>

I answer all my own calls and my service is EXCELLENT!

Jeff Schlesinger

