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UPDATE: NOW It's QE4. Bonds Are Responding

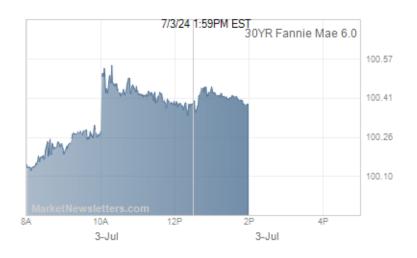
https://www.newyorkfed.org/markets/opolicy/operating policy 200312a

"As a part of its \$60 billion reserve management purchases for the monthly period beginning March 13, 2020 and continuing through April 13, 2020, the Desk will conduct purchases across a range of maturities to roughly match the maturity composition of Treasury securities outstanding. Specifically, the Desk plans to distribute reserve management purchases across eleven sectors, including nominal coupons, bills, Treasury Inflation-Protected Securities, and Floating Rate Notes."

As promised, the Fed is not getting back into MBS. At least not right now, but they ARE getting back into purchasing longer-dated Treasuries to "roughly match" the existing mix of bonds in play.

In addition to the \$60 bln a month, the Fed is also vastly expanding its repo facility to provide overnight liquidity. This seems to be the aspect of the announcement that's doing the trick for MBS (suggesting big potential buyers have been constrained by the ability to acquire cheap short-term cash). Again, this is truly staggering seeing MBS respond this way despite not being included in the bond buying plan.

UMBS 2.5s are up an instant 5/8ths of a point. 10yr yields have recovered back to mid range.



MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.19
MBS GNMA 6.0	100.53	+0.14
10 YR Treasury	4.3602	-0.0724
30 YR Treasury	4.5297	-0.0761
Pricing as of: 7/3 5:59PM EST		

Average Mortgage Rates

	Rate	Change	Points
Mortgage News	Daily		
30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	0.00
Freddie Mac			
30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00
Mortgage Banke	rs Assoc.		
30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/3

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