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## The Day Ahead: Bonds Increasingly Threatened by Momentum Shift; Powell Part 2

Fed Chair Powell will deliver round 2 of his congressional testimony today, this time at the House FSOC (yesterday was with the Senate Banking Committee). There's no reason to expect today's House session to be any more of a market mover than yesterday's Senate version. In fact, the 2nd day of testimony **almost always** tends to be ignored relative to the 1st day, though there are a few exceptions.

Perhaps more interesting for bonds right now is the fact that **momentum is at risk of shifting negatively** in the event of any additional weakness. As seen in the following chart, yields have backed up to their middle bollinger band (a technical study with a 21-day moving average as the middle line with outer lines that are 2 standard deviations higher and lower). Breaking above the middle line is a negative technical cue, all other things being equal, but the 2.885% ceiling is just as important.



## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/17 7:34PM EST



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85

To a greater extent than normal, we're keeping an eye out for any strong suggestions from stocks. As the lower section of the following chart shows, bonds have done a good job resisting a move higher in stocks so far in July.

But as the upper section shows, correlation is running fairly high at times. It wouldn't take much of a push to sour the technicals for bonds, so it makes sense to **stay alert** to the possibility (even though early July shows the correlation can break down abruptly).

	Rate	Change	Points
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30



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