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MBS Mid-Day: Nice Recovery For Bonds Despite On-Target NFP

This morning's NFP data came in **just a bit hotter** than expected at 211k vs a median forecast of 200k. Revisions were fairly strong, but wage growth cooled from +0.4 to +0.2. Unemployment held steady at 5.0 percent, but U-6 unemployment (the broadest measurement of folks who aren't working as much as they want to be) rose by 0.1 percent.

The initial reaction saw bond markets **lose** ground, but that was quickly relegated to knee-jerk status and the rest of the day has been going relatively smoothly. While it's not a 100% correlation, a sharp decline in **oil prices** probably isn't hurting bond markets today (due to the inflation implications).

Given that the shorter-term yields aren't moving as much in Treasuries, we can conclude that today's bounce back is also being supported by some of yesterday's panicked trades being unwound. In other words, yesterday was full "**scared armadillo**" mode for the long end of the yield curve. It got bounced around quite a bit and is now starting to unroll from its ball of fear and self-preservation.

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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.09	+0.31
MBS GNMA 6.0	101.03	+0.29
10 YR Treasury	4.5138	-0.0657
30 YR Treasury	4.6711	-0.0579

Pricing as of: 5/3 5:04PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.28%	-0.09	0.00
15 Yr. Fixed	6.75%	-0.07	0.00
30 Yr. FHA	6.70%	-0.12	0.00
30 Yr. Jumbo	7.48%	-0.07	0.00
5/1 ARM	7.35%	-0.07	0.00
Freddie Mac			
30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/3

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