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## MBS Recap: Bonds Back on Fence to Begin October

Almost like clockwork, bond markets weakened JUST enough to cast doubt on their commitment to reentering the sub-1.60% range. This follows a week of trading (as seen in the following chart) where yields remained below that ceiling almost exclusively.



To be fair to "the range," there had been times during the past few months where we saw yields get this high (in the 1.62-1.63 area) that did **NOT** end up spelling doom for the overall stability of the range. In other words, bonds didn't weaken quite enough for us to conclude they are definitely moving up and out of the range.

The assessment of today's closing levels might not be so equivocal had it not been for the reaction to this morning's **ISM Manufacturing data**. The last instance of this report was a fairly big deal as it came in below and index value of 50.0 for the first time in 6 months--something that's only happened a handful of times during the recovery.

## MBS & Treasury Market Data

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

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



## Average Mortgage Rates

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

Rates as of: 5/3

Today's reading of 51.5 was a significant bounce back into the previous range, and one that cast doubt on the arguments for an economic slowdown. Granted, it's not much in the grand scheme of things, and I'd argue that the few bps of weakness in Treasuries is **commensurate** with the impact of the report. Still, those few bps have taken us right to the edge of a range boundary with more big ticket data coming in the days ahead. Seems like it needs to be flat or weaker if we're going to hold the range.

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With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

**Rich E. Blanchard**

