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ALERT: Losing More Ground After ISM; Negative Reprices Becoming Likely

Here's the rundown on the ISM Non-Manufacturing data:

- ISM REPORT ON U.S. NON-MANUFACTURING SECTOR SHOWS PMI 57.1 IN SEPT (CONSENSUS 53.0) VS 51.4 IN AUG
- ISM NON-MANUFACTURING BUSINESS ACTIVITY INDEX 60.3 IN SEPT (CONSENSUS 52.2) VS 51.8 IN AUG
- ISM NON-MANUFACTURING PRICES PAID INDEX 54.0 IN SEPT VS 51.8 IN AUG
- ISM NON-MANUFACTURING NEW ORDERS INDEX 60.0 IN SEPT VS 51.4 IN AUG
- ISM NON-MANUFACTURING EMPLOYMENT INDEX 57.2 IN SEPT VS 50.7 IN AUG
- ISM NON-MANUFACTURING PMI AT HIGHEST SINCE OCTOBER 2015, INCREASE IN INDEX BIGGEST SINCE FEBRUARY 2011
- ISM NON-MANUFACTURING BUSINESS ACTIVITY INDEX, EMPLOYMENT INDEX AT HIGHEST SINCE OCTOBER 2015

This is a violent swing for this data set, which moved from the lowest level in more than 6 years to the best level since October 2015 in one fell swoop. To emphasize one of the newswires above, it was the biggest gain in more than 5 years.

The ISMs (both manufacturing and non-manufacturing) are probably the most important data sets apart from NFP when it comes to consistent market movement potential. So a big beat is a big deal.

Treasury/MBS trading reflects that at the moment with 10yr yields up 3bps to 1.72 and Fannie 3.0s down 5 ticks to 103-15. Negative reprices are becoming likely for early/aggressive lenders.

It would take another 2-3 ticks of weakness for reprices to be widespread, but even now, the abruptness of the move means that the risk can't be ruled out for any lender.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.75	+0.29
MBS GNMA 6.0	100.73	+0.25
10 YR Treasury	4.5882	-0.0463
30 YR Treasury	4.7326	-0.0188

Pricing as of: 5/2 4:43PM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.37%	-0.04	0.00
15 Yr. Fixed	6.82%	-0.02	0.00
30 Yr. FHA	6.82%	-0.06	0.00
30 Yr. Jumbo	7.55%	-0.05	0.00
5/1 ARM	7.42%	-0.08	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: 5/2



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