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MBS Recap: Big Short-Covering Rally Ahead of ECB

"Big" is a relative term these days, to be sure. In fact, **4.8bps** in 10yr yields and **10/32nds** in Fannie 3.5 MBS prices isn't too terribly big, but it was nonetheless one of the 2 best days since the election, so we'll take what we can get. Stocks certainly had a much bigger day, launching easily to new all-time highs for most indices.

Before you start celebrating just yet, keep in mind that today's strength has most to do with the fact that traders were **exiting short positions** set in advance of the ECB announcement. It's no mystery that cash moves to the sidelines ahead of these sorts of events, and neither is it a mystery that cash has been voting in favor of higher rates recently. Ergo, a move to the sidelines helps rates fall a bit.

From here, we should assume rates are **ready to head either way** tomorrow depending on the details of the ECB announcement.

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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.40	-0.15
MBS GNMA 6.0	100.78	+0.04
10 YR Treasury	4.4223	+0.0454
30 YR Treasury	4.5610	+0.0549

Pricing as of: 5/17 5:59PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.09%	+0.07	0.00
15 Yr. Fixed	6.56%	+0.03	0.00
30 Yr. FHA	6.62%	+0.07	0.00
30 Yr. Jumbo	7.35%	+0.04	0.00
5/1 ARM	7.30%	+0.06	0.00
Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

Rates as of: 5/17

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