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MBS Recap: Bonds Relax After Epic Glut of Corporate Issuance

Bonds began the new year **on the defensive** thanks to a deluge of corporate bond issuance as well as stronger ISM Manufacturing data. By 10:15am, 10yr yields were at their highest levels of the day, and nearly 7bps higher than last week's close. Fannie 3.5 MBS were more than 3/8ths of a point weaker.

But that's when the **comeback** began. Bond markets braced for the typically detrimental effects of corporate issuance by selling. As the issuance announcements kept coming, traders found themselves over-prepared. In other words, they'd erred too much on the side of selling, and thus were able to start buying again. Granted, there is a far more complex way to explain this, and there are other factors in play today, but that was the day's central theme in a nutshell.

10yr yields and MBS both made it back **within a hair of 'unchanged'** on the day. Due to lenders' conservative pricing strategies ahead of the holiday, most were offering better rates by the end of the day, after a slew of positive reprices.

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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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