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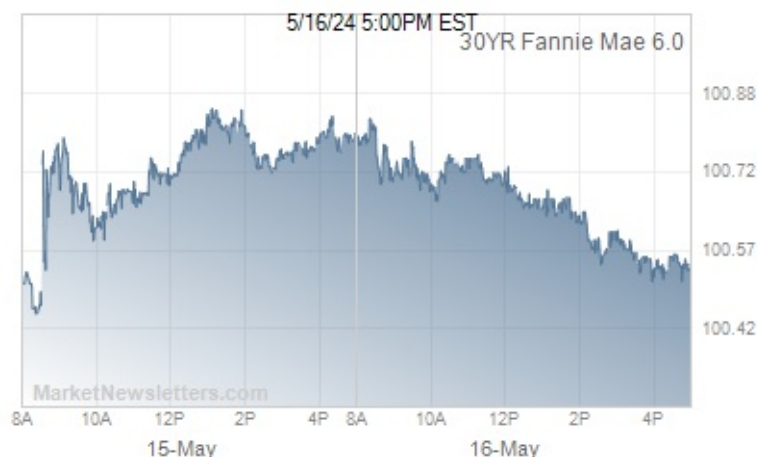
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UPDATE: Treasury Weakness May Spill-Over Into MBS

Treasuries have been trending **weaker** this morning--especially longer-dated Treasuries (like 10yr notes and 30yr bonds). This is somewhat understandable given that they're 2 of the stars of this week's Treasury **auction** supply, but they're also under pressure from a healthy slate of **corporate bond issuance** this morning. ([Here's the primer](#) on how corporate bonds affect Treasuries/MBS/rates).

MBS have been doing a **great job** holding steady despite the persistent weakness in Treasuries. Fannie 3.5s haven't dipped below 101-27 despite several bounces. During the same time that MBS have been holding that ground, 10yr yields have risen 2bps and are at the day's highs currently.

There is **only so much** of this that MBS will be willing to take before they fall **below 101-27** and possibly add a few more ticks of weakness. 10yr yields are at 2.491 currently and there's a small intermediate pivot point just overhead at 2.495. If that's broken, MBS will likely lose at least enough tick. At that point, we'd start to consider negative reprices for early/aggressive lenders.



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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.55	-0.25
MBS GNMA 6.0	101.31	-0.18
10 YR Treasury	4.3769	+0.0364
30 YR Treasury	4.5061	-0.0005

Pricing as of: 5/16 5:11PM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.02%	+0.03	0.00
15 Yr. Fixed	6.53%	+0.03	0.00
30 Yr. FHA	6.55%	+0.03	0.00
30 Yr. Jumbo	7.31%	+0.01	0.00
5/1 ARM	7.24%	+0.04	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: 5/16

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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.

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