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UPDATE: Once Again, Bonds Shift at NYSE Open

Fannie 3.5s are only 2/32nds off their highs for the day, so we're not quite ready to discuss reprice risk. We can discuss the most recent bounce, however.

With the rise of bond-related ETF (exchange-traded funds) trading, bonds have been increasingly predisposed to **volume and volatility that coincides with the 9:30am NYSE open** (the time of day that many of the ETFs in question can be traded for the first time).

Yesterday saw the overnight strength turn an **abrupt** corner just after 9:30am, and now today's strength experienced a lower-grade version of the same phenomenon. Volume (per minute) spiked to the day's highest levels from 9:30-9:40am and bond yields moved decidedly higher.

The damage is **minimal** so far, with 10yr yields still down 1bp on the day at 2.368. Fannie 3.5s are still 1/32nd higher on the day at 102-11.

Stocks accompanied the move, but have **already nearly returned** to pre-open levels (S&P futures). Yen/\$ also suggests the 9:30am "**risk-on**" move may have already run its course.



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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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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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