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ALERT: Back to Unchanged After Opening Stronger

First the caveat: any lenders that put out rates early (say, before 8:30am) have now seen more than an eighth of a point of weakness. This is typically the threshold for negative reprice risk for the jumpiest lenders. Given the size of yesterday's rally and the **lack of urgency** in this morning's selling pressure, I wouldn't necessarily be expecting negative reprices just yet. All that having been said, if you were hoping to wake up to a strong continuation of yesterday's rally, you're out of luck.

Yields dipped in the overnight session (10's hit 2.18%) as European bond markets got caught up with yesterday afternoon's domestic market movement. Everything bottomed out together just after 5am (Yen, stocks, bonds) and the **"risk-off" trade had been stalled** since then. As domestic trading began, the risk-off trade began to unwind.

Again, we're **not** yet seeing some massive bounce. It's **not scary enough** to shake inclined floaters off the float boat (though that can change very quickly in these situations, so **be on high alert**). Remember, that we're expecting **some** weakness either today or tomorrow and that if it doesn't erase more than half of yesterday's gains, it bodes well for floaters in the longer-term.

The first order of business would be for the risk-off rally to break through mid-April lows. So far today, it looks like the rally is considering that mid-April zone as the first opportunity to bounce.

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	4.3167	-0.0238
30 YR Treasury	4.4798	-0.0268

Pricing as of: 5/16 5:59PM 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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