



## Rich E. Blanchard

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## UPDATE: Bond Markets Modestly Weaker Following PPI Data

- PPI 0.0 vs 0.0 forecast, +0.5 previously
- Core PPI +0.3 vs +0.2 forecast, +0.4 previously
- Annual PPI +2.4 vs +2.3 forecast
- Annual Core PPI +2.1 vs 2.0 forecast

Bond markets had been trading flat on the morning heading into the day's only major economic release. After the stronger result, 10yr yields moved up nearly 1bp from 2.211 to 2.197. Fannie 3.5 MBS are down only 1 tick to 102-30. Both have been **holding** there ever since.

2.221 is right in line with the overnight highs achieved during the European session and is, of course, essentially one of our **important pivot points** at the moment (as outlined in the [Day Ahead](#)). There's been a somewhat striking level of inactivity in cash Treasury trading over the past 10 minutes as bonds hold in line with the technical level.

The natural risk is that we see a pre-auction concession from here. This refers to a willingness among traders to let bond prices drift lower in order to facilitate an easier bidding process at this afternoon's 30yr bond auction. So far, however, bonds seem **willing enough to push back** against the weakness.



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## MBS & Treasury Market Data

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

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

## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			

30 Yr. Fixed	7.09%	<b>+0.07</b>	0.00
15 Yr. Fixed	6.56%	<b>+0.03</b>	0.00
30 Yr. FHA	6.62%	<b>+0.07</b>	0.00
30 Yr. Jumbo	7.35%	<b>+0.04</b>	0.00
5/1 ARM	7.30%	<b>+0.06</b>	0.00

### Freddie Mac

30 Yr. Fixed	7.02%	<b>-0.42</b>	0.00
15 Yr. Fixed	6.28%	<b>-0.48</b>	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	7.08%	<b>-0.10</b>	0.63
15 Yr. Fixed	6.61%	<b>+0.01</b>	0.65
30 Yr. FHA	6.89%	<b>-0.03</b>	0.94
30 Yr. Jumbo	7.22%	<b>-0.09</b>	0.58
5/1 ARM	6.56%	<b>-0.04</b>	0.66

Rates as of: 5/17

## Expert Advice | Exceptional Service | Flawless Execution

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.

**Rich E. Blanchard**

