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UPDATE: Slight Pressure After Home Sales Data, But Range Remains

- New Home Sales +2.9% at 610k vs 597k forecast, 593k previous
- Median prices +16.8% (y/y) to \$345,800, record high and record y/y change
- 5.3 months of supply, unchanged

New Home Sales data doesn't tend to be a huge market mover, but it can have an impact when it falls far from expectations. Today's beat **isn't massive** by any standards. Thus, it's no surprise that the reaction is muted. In fact, volume totals from before and after the data suggest the data isn't necessarily behind the bond market weakness at 10am, but for those looking to assign blame, it's really the only suspect in the line-up as far as overt market movers are concerned.

To discuss the data as a potential market mover--and indeed, to discuss any of the recent movement as relevant--is beside the point at the moment. The point is that **none** of the movement heading into or out of the 10am time slot has carried yields outside the range seen between 8:30 and 9:30am.

Moreover, none of today's movement has carried yields outside the range seen yesterday.

Most importantly, none of the movement of the past 7 days has even come close to the boundaries set by last Wednesday's trading range. The past 3 days, especially, have been ultra narrow. After all, today's low yield is currently 2.148 and the high is 2.167. From current levels, we'd be looking for a break above those highs in 10yr yields, or below the 103-04 lows in Fannie 3.5 MBS before we'd begin considering negative reprice risk--even for the jumpiest lender.

From there, we'd still need to see a concerted selling effort if today is to be anything but another day inside the recent range (2.21-2.22% is the high end of that range).

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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