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# The Day Ahead: MBS Have Followed Treasuries, But Rates Haven't Followed MBS

Today is the lightest of the week in terms of scheduled market movers on the econ calendar (there really aren't any to speak of unless you count the New York ISM data and we barely do). In addition, bonds are fairly flat in the bigger picture. Point being: we're **waiting on inspiration**, and we're not even sure where it will come from. The best guess on the inspiration front is that next Wednesday's Fed announcement will bring some more meaningful trading both before and after, but it's more than a week away. In the meantime, we can watch the same ranges we've been watching.

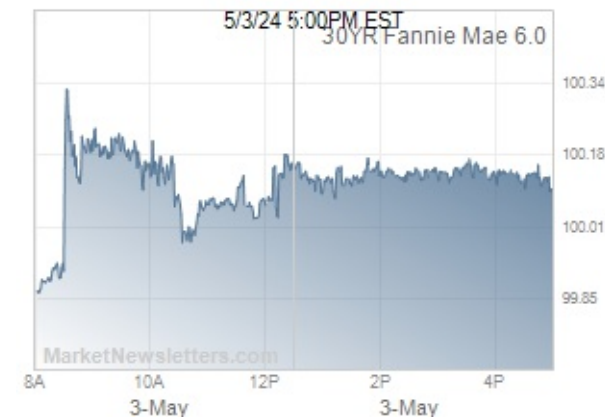
10yr yields remain squarely range-bound after breaking below the uptrend that had been intact for more than a month. As I said yesterday, we should view that breakout as a vote to **remain** in the range rather than a sign of a **bullish** reversal and that's exactly how things have been playing out. Notice that today's candlestick is staying right up against the lower line of the previous uptrend, sending the message "yes, the uptrend is defeated, but just barely."



## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.09	<b>+0.31</b>
MBS GNMA 6.0	101.03	<b>+0.29</b>
10 YR Treasury	4.5138	<b>-0.0657</b>
30 YR Treasury	4.6711	<b>-0.0579</b>

Pricing as of: 5/3 5:04PM EST

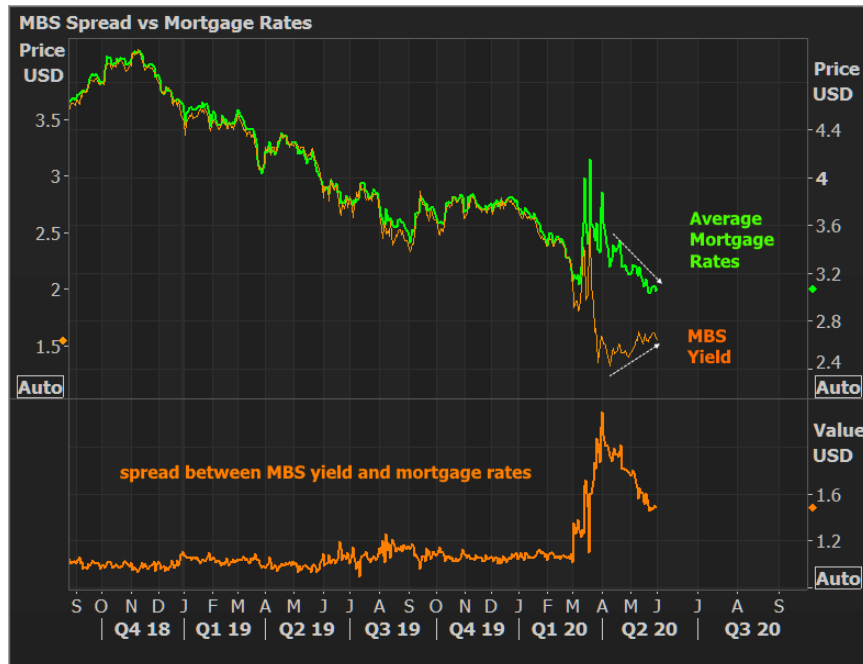


## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.28%	<b>-0.09</b>	0.00
15 Yr. Fixed	6.75%	<b>-0.07</b>	0.00
30 Yr. FHA	6.70%	<b>-0.12</b>	0.00
30 Yr. Jumbo	7.48%	<b>-0.07</b>	0.00
5/1 ARM	7.35%	<b>-0.07</b>	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	7.22%	<b>-0.22</b>	0.00
15 Yr. Fixed	6.47%	<b>-0.29</b>	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.24%	<b>+0.11</b>	0.66
15 Yr. Fixed	6.75%	<b>+0.11</b>	0.64
30 Yr. FHA	7.01%	<b>+0.11</b>	0.94
30 Yr. Jumbo	7.45%	<b>+0.05</b>	0.56
5/1 ARM	6.64%	<b>+0.12</b>	0.87

Rates as of: 5/3

A range-bound bond market is just fine as far as mortgage rates are concerned. They'd performed **so poorly** versus the bond market in March and April that there's still plenty of room left to close the gap. It's **interesting** to consider that rates pushed lower and lower in recent weeks at the same time the bond market was suggesting slightly higher rates. This is true even for MBS yields! That upward slope in the orange line below (MBS yield) is the same slightly weaker trend recently seen in Treasuries in the chart above. That goes to show how much caution, fear, uncertainty, and defensiveness were (and still are) built into lender margins and servicing valuations.



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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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