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UPDATE: 10yr Auction: Neither Stellar Nor Terrible

- Yield: 2.689 vs 2.683 forecast (1pm when-issued yield)
- Bid-to-cover 2.35 vs 2.45 recent avg
- Indirect bid: 59.5 vs 65.3 recent avg

For more on the relevance of the terms above, here's the [auction jargon primer](#).

This was neither a terrible nor a stellar auction. In fact, it's hard to say which side of the fence it came down on due to perspective. In the context of this being the lowest-yielding 10yr auction in more than a year, and on a day where bond markets have done almost nothing to "prepare" yields (i.e. via a pre-auction sell-off, which we often see), this is a decent result.

But of course, if we look exclusively at how the auction stats compare against recent averages and how the awarded yield compares to the 1pm yield expectation, it wasn't so good. The moderate weakness in bonds since then reflects this. The fact that the weakness hasn't been any worse reflects the caveats in the previous paragraph.

10yr yields are still 1.3bps lower on the day, but have risen about 1bp since auction time and are now at 2.69%. Fannie 4.0 MBS are still 1 tick (0.03) higher on the day, but have fallen a tick since auction time (currently 102-04 or 102.125).

Post-auction weakness appears to be holding steady for now.



MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.19
MBS GNMA 6.0	100.53	+0.14
10 YR Treasury	4.3602	-0.0724
30 YR Treasury	4.5297	-0.0761

Pricing as of: 7/3 4:47PM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	0.00
Freddie Mac			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/3

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