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MBS Recap: Bonds Recover Despite Another Record Day For Stocks

Bonds came back from their 3-day weekend in weaker territory to start the overnight session. Losses were **mild** at first, and then became **moderate** after stronger European economic data. European bonds unsurprisingly saw the bigger share of weakness, but US 10yr yields were pulled as high as 2.46% by 8:30am.

It was **all downhill** from there. The initial catalyst for the reversal was the 9:45am Markit Manufacturing PMI data. This isn't typically a big market mover for US bond markets, but this time around the data was weak enough to carry connotations for the more highly regarded version of the data (ISM Manufacturing due out next week). The relationship is similar to the ADP Employment Report and the bigger-ticket NFP data.

Bonds **recaptured about half** of the overnight losses at first, and then briefly managed to erase the other half by noon. From there, they ended up drifting into slightly weaker territory with 10's ending the day up 1bp and Fannie 3.5 MBS down an eighth of a point at 102-05. Considering the bull run that's been going on in stocks, it's easier to tolerate nominal, range-bound weakness in bond markets.

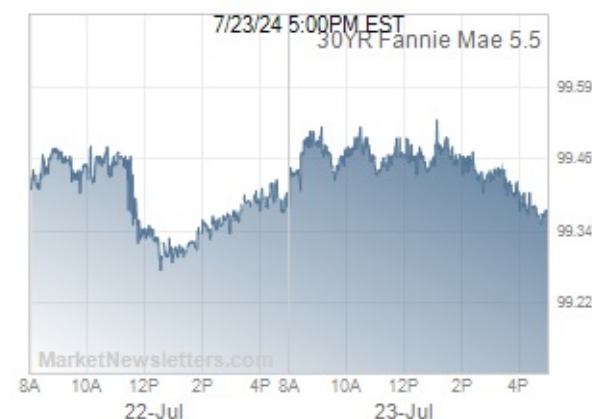


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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.39	0.00
MBS GNMA 5.5	99.75	-0.03
10 YR Treasury	4.2515	-0.0010
30 YR Treasury	4.4851	+0.0126

Pricing as of: 7/23 5:59PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/23

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